Daily Report

Latin America

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FBIS-LAT-95-226 *24 November 1995*

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Businessmen From APEC Nations Submit Recommendations

PY2111193095 Santiago EL MERCURIO in Spanish 19 Nov 95 p C1

[Article by special correspondent to Osaka Maria Jose Errazuriz; names and titles as published]

[FBIS Translated Excerpt] Osaka — Just a few hours after the inaugural session of the Third Summit of the Asia-Pacific Economic Cooperation [APEC] forum in Osaka, seeking to decide on the next steps in the process of creating a free trade zone in the region, businessmen from the 18 member countries handed participants a set of recommendations to facilitate said goal. [passage omitted]

Officials from the Pacific Economic Cooperation Council, PECC — which is headed by former Minister Edgardo Boeninger — and the Pacific Basin Economic Council, PBEC, yesterday had the opportunity to talk about the future of APEC with different secretaries of state, among them Prime Minister Murayama, Japanese Industry and Commerce Minister Ryutaro Hashimoto, Chilean Foreign Minister Jose Miguel Insulza, and U.S. Assistant Secretary of State Joan Spero. [passage omitted]

Also attending the meeting were Chilean businessmen who are part of the delegation that will accompany President Frei when he visits the Philippines, Malaysia, and China in an attempt to increase trade in that zone.

Insulza said APEC countries are creating "bridges" to enable the private sector to do business. He also mentioned the need to push small and medium-sized companies because this sector employs much of the labor force.

The minister said Chilean businessmen have done an excellent job consolidating the area, and stressed the joint efforts being made. He said: "Governments must give greater responsibilities to the private sector because, after all, they know better than anybody where the real opportunities are."

Economy Minister Alvaro Garcia said the business advisory council is essential at the start of the trade liberalization process.

He said this could help officials to keep the development going, and keep them informed of opportunities. [passage omitted]

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Cuba

Reportage on Announcement of Castro Visit to PRC

To Visit 29 Nov-8 Dec

PA2311134095 Havana PRENSA LATINA in Spanish 0821 GMT 23 Nov 95

[FBIS Translated Text] Havana, 23 Nov (PL) — President Fidel Castro has accepted an invitation and will pay an official visit to the People's Republic of China from 29 November to 8 December.

This will be the first trip of the Caribbean chief of state to Beijing, and it shows that both parties plan to deepen the growing good relations between the two countries.

The most recent Chinese-Cuban top-level contact dates back to 1993, when Jiang Zemin visited Cuba. That visit established the basis for strengthening ties, particularly economic ties.

The two presidents also met during the celebration of the 50th anniversary of the United Nations in New York, where they discussed bilateral topics and international current events.

Meanwhile, Chinese Premier Li Peng held brief talks with Fidel Castro in October during his short stopover in Havana, enroute to Mexico and Peru.

April 1994 marks an important milestone in Chinese-Cuban relations, when trade agreements were signed in Cuba and whereby the island will receive medicine and food in exchange for sugar.

With a trade exchange above $400 million in 1993, Cuba became the second most important trade partner of China in all of Latin America.

From then on, the number of visits by economic delegations has increased considerably.

Foreign Trade Minister Ricardo Cabrisas, for example, went to China in February of this year on the occasion of the 7th intergovernmental meeting on economic and commercial relations between the two countries.

Likewise, a Chinese mission that arrived in Havana last February included 23 businessmen from well-known corporations and government entitities with the purpose of exploring investment possibilities.

The entrepreneurial group led by Zheng Hongye, president of the Chinese Council for the Development of International Trade, voiced special interest in the sugar business at a time at which Cuba was embarking on its economic opening abroad.

PRC Gives 'Prominent Coverage' to Visit

PA2311201995 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Nov 95

[Report by Zenaida Costales from Beijing; from the "National Radio News" newscast]

[FBIS Translated Text] The newspapers of the people, of the youth, and of Beijing, which are the main newspapers of the Chinese capital, gave prominent coverage to the upcoming visit, from 29 November to 8 December, of Commander in Chief Fidel Castro to honor an official invitation of PRC President Jiang Zemin.

When the announcement was made, I heard workers and laborers of this country say: We will welcome him with open arms as a friend; I would like to meet him; it is a wish of mine. We will at last have Fidel in China, an official of the Foreign Ministry said after she learned about this visit.

The Cuban president's visit to this country, which currently has 1.2 billion inhabitants, will reaffirm the ties of cooperation and friendship between the two countries, which have maintained diplomatic relations since September 1960. They have experienced a period of fruitful exchanges and signed [words indistinct], commercial, and cultural cooperation agreements.

In nearly 10 days, the chief of the Cuban Revolution will have the opportunity to witness the reality of this country and visit points of economic and social interest. The city surprises and amazes today's travelers, much like it did the first daring ones who journeyed the silk road thousands of years ago. The city preserves its traditions and combines them with modern and dynamic life, the stores, the market [word indistinct] that are reality in a [words indistinct] that aspires to ensure an honorable life for millions of persons; a colossal task for the year 2000.

I repeat, the Cuban president will visit China on 29 November. The national press and radio stations have given promiment coverage to this news.

Foreign Ministry Official on Visit

PA2311212595 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Nov 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Comrade Marianela Ferriol, alternate spokesperson for our Ministry of Foreign Relations [Minrex], today said that Commander in Chief Fidel Castro's visit to the People's Republic of China is part of an agreement by both parties which we simultaneously announced today. Our reporter, Gisela Bel

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Heredia, now brings you details of the spokesperson's meeting with the press.

[Bel Heredia] The Minrex spokesperson also referred to the nature and contexts within the framework of the Cuban president's visit to the Asian nation.

[Begin Ferriol recording] This state visit by Dr. Fidel Castro is within the framework of the excellent current relations existing between the two countries. We give it great importance because of the role the PRC has been playing in current international relations, because it is a socialist country, and because of its social and economic development, which is recognized internationally. [end recording]

She also reported that like on previous occasions, the Cuban delegation that will attend the next round of migratory talks between Cuba and the United States in New York, will be presided by Dr. Ricardo Alarcon De Quezada, president of our National Assembly of the People's Government.

In addition, Ferriol answered questions on the possible existence of Che's remains in Bolivia and statements by certain retired military officers.

[Begin Ferriol recording] We have paid much attention to this affair and it means great a great deal to our people and our government. But I must say that up to today, up to this moment, we have not had any official communication about this. [end recording]

Likewise, the presence of former Mexican President Carlos Salinas de Gortari in Cuba was denied. Reports were given on the visits of various Cuban personalities abroad and that of delegations visiting us.

Foreign Minister, Deputy Discuss Ties With EU

PA2411001795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Nov 95

[Report by Daisy Gomez from the "NTV" newscast]

[FBIS Translated Text] For three days this past week, European journalists, most of them Spaniards, and Cuban colleagues debated about Cuba's informative presence in European media and the European Union's [EU] image in Cuba. Deputy Foreign Minister Isabel Allende comments on this subject.

[Begin recording] [Reporter] Do you think this workshop contributes to the relations between EU and our country?

[Allende] I think this workshop contributes something essential for every relationship, this is to say, mutual knowledge. It is truly believed that there is not enough information about Cuba in Europe and that there is not enough information about EU in Cuba. There has been absolute freedom of expression here. The nature of freedom of expression, as well as what freedom of expression responds to, has been debated theoretically. [end recording]

Foreign Minister Roberto Robaina, in the closing session of this workshop, commented on this concept and its application in and outside Cuba under the present circumstances.

[Begin Robaina recording] Unfortunately, with an encircled country, with a deep depression in our media, and with a complete bombing with news that poisons our airwaves on a daily basis, we cannot afford the weakness of an uncontrolled informational avalanche which could wipe out everything from the interior of the country, as it has happened elsewhere in the world. [end recording]

Nevertheless, as Tubal Faiz, president of the Union of Cuban journalists has pointed out, this workshop will influence both the way the EU countries look at Cuba and the way Cuba looks at them.

[Begin Faiz recording] Relations and greater cooperation between Cuba and the EU are possible. [end recording]

Robaina Views Rumors on Raul Replacing Fidel Castro

PA2411035395 Mexico City NOTIMEX in Spanish 1948 GMT 20 Nov 95

[FBIS Translated Text] Mexico City, 20 Nov (NOTIMEX) — Foreign Minister Roberto Robaina did not give importance to rumors that President Fidel Castro could be replaced by his brother, Raul, the current defense minister.

"It is a campaign against our country," the foreign minister stated during an interview at the Mexico City international airport during a stopover in his trip to Australia.

He asserted that Cubans are satisfied with Castro's government. "It is not right for outsiders to always be determining what we have to do with power," he stated.

He underscored that those who try to establish a specific model in Cuba from the outside "are violating the principle of the self-determination of the countries."

The foreign minister was accompanied by Cuban Ambassador to Mexico Abelardo Curbelo who said the island keeps its doors open to foreign investments in any of its economic sectors.

He revealed that French experts have initiated oil prospecting and drilling activities in his country and

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"have already found several oil beds" that will allow Cuba to depend less on outside sources to obtain crude oil in the future.

SRV Secretary General: Blockade of Country To Fail

PA2211215595 Havana Radio Reloj Network in Spanish 2053 GMT 21 Nov 95

[FBIS Translated Text] Do Muoi, Vietnamese Communist Party secretary general, said in Hanoi today that his country continues to change to meet today's reality without relinquishing socialist principles. Do Muoi told Pedro Ross Leal, Cuban Workers Federation secretary general: We lost a lot of blood to gain the power that we have; the Vietnamese working class will never relinquish this power; we take a wide variety of measures without straying from this principle; we can only secure our independence and meet socialist goals with the help of a communist party. The Vietnamese communist leader assured Pedro Ross that the blockade of Cuba will fail, adding: It may have set us back 20 years, but we survived it.

Finance Minister Says Less Money Circulating

PA2311164995 Havana Radio Rebelde Network in Spanish 1800 GMT 20 Nov 95

[Report by Fernando Sanchez; from the "National Radio News" newscast]

[FBIS Translated Text] The amount of money circulating in the country has been reduced by more than three billion pesos since June 1994, when the implementation of the measures to streamline the country's finances began.

Manuel Millares Rodriguez, minister of finance and prices, made the announcement in Ciego de Avila. He noted that the at the time when mechanisms to reduce the excessive liquidity were implemented, some 12 billion pesos were circulating in the country.

Millares attended the inaurugation of a branch of the National Office of Tax Administration in charge of overseeing individual and corporate taxes and guaranteeing tax collection. Alfredo Hondal, member of the Politburo and first secretary of the Communist Party of Cuba in Ciego de Avila, was also present at the inauguration ceremony.

Millares Rodriguez said the tax law will be implemented progressively, starting with those who have higher incomes.

The National Office of Tax Administration now has two main offices in Ciego de Avila, one in the capital city, and another one in Moron, in addition to representatives in eight municipalities.

Banking Agreements 'Most Important' in 20 Years

PA2211141195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Nov 95

[Report by Marisela Recasen and Maribel Acosta; passages within quotation marks recorded; from the "NTV" newscast]

[FBIS Translated Text] Bankers signed important financial agreements during their meeting at the Cohiba Hotel on 20 November, held in honor of the National Bank of Cuba's 45th birthday. The agreements are with: ING Bank, of the Netherlands; Societe Generale, of Paris; Banco Exterior, Bilbao-Vizcaya, and Sabadell, of Spain; Banco Exterior, of Mexico; and the Russian Central Bank. It has also been reported within the last few minutes that one of these agreements will serve to finance more than $8 million worth of rice production in Granma Province:

[Manuel Rodriguez, National Bank of Cuba representative] "This agreement will help boost rice production, which has been depressed these past few years due to lack of resources."

Important international financial figures in Havana today described as very momentous the banking reforms that accompany the economic opening:

[Unidentified banking official] "This policy is very realistic. It shows that the Cuban Government is quite aware of the opportunities that developing financial contacts worldwide can offer."

Francisco Soberon, National Bank of Cuba president, briefed the visitors on the island's banking operations. Carlos Lage, Council of State vice president, said that economic reforms will continue to advance toward Cuba's inclusion into the world economy. Lage commented on the meeting to this newscast:

[Lage] "If we are to evaluate the importance of this meeting, we must consider the position that we are in with these difficult economic times and the difficulties that we face. Our bank is able to celebrate its birthday and our country has been able to summon such a gathering despite these difficulties. This is important to advancing relations with all these banks and others."

This meeting has been described as more than a celebration: Experts say that these are Cuba's most important contacts with the world in the past 20 years.

[Mexico City NOTIMEX in Spanish at 0012 GMT on 21 November carries a Havana-datelined report on

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Cuba signing 11 credit and cooperation agreements with six foreign banks. The report notes that the financial agreements will serve to back agricultural and industrial projects, including rice and nickel production, and that the Cuban authorities interpret the massive turnout as a "show of confidence by the financial community in the Cuban strategy to overcome the recession and to include Cuba in the international economy." NOTIMEX adds: "This is the broadest package of its type the island has seen since it opened its economy to market mechanisms two years ago."]

Official Comments on Transforming Banking System

PA2311001995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Approximately 180 bankers from around the world will celebrate the National Bank of Cuba's [Banca Central Cubana] 45th birthday in Havana City on 20 November. The bank is being reorganized in light of Cuba's economic reality. The presence of important international economic organizations in Havana City will offer good opportunities for contacts and possible agreements. Francisco Soberon, president of the National Bank of Cuba, confirmed during a news conference today that Cuba's banking system is preparing to transform itself after 45 years:

[Begin Soberon recording] Some steps have already been taken to bring the Cuban banking system in line with economic transformations that have already taken place, including establishment of certain financial institutions, a national financial organization specializing in short-term financing, and money exchange centers. All of you already know about this. We must give more thought to other changes, such as separating central banking activities from commercial banking activities. The National Bank of Cuba is involved in both kinds of activities. [end recording]

The president of the National Bank of Cuba and Carlos Lage, vice president of the Council of State, will address the participants, who are said to be very interested in the Cuban banking system's transformation.

New Salary System Applied in Hotel Construction Sector

PA2211210695 Havana Radio Rebelde Network in Spanish 1255 GMT 21 Nov 95

[Report by Jorge Perez Rivero; from the "Doing Radio" newscast]

[FBIS Translated Text] A new system of salary simulation [simulacion salarial] is being applied in the construction of the Varadero 1920 Hotel, which is being carried out by men of the Cienfuegos-based Lenin Contingent.

This system, called a minimum control unit, is basically based on payment for production and not a base salary. Felix Alvarez Hernandez, a civil engineer and deputy chief of the Lenin Contingent, comments on this:

[Begin recording] [Alvarez Hernandez] The minimum control system is nothing more than a payment system for workers based on production results. It is being applied in an experimental manner in the Varadero 1920 Hotel, and we hope to establish it in other tourism-related works carried out by the Lenin Contingent here in Varadero.

[Unidentified reporter] In other words, do workers have a base salary and an established work assignment under this system?

[Alvarez Hernandez] Well, the work assignment is clearly established, but remunerations to workers are made based on his production capacity. [end recording]

Last October, builders of the Lenin Contingent were able to triple their productivity thanks to the application of this new payment system.

Pedro Ross Addresses Sugar Industry Congress

PA2211170395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Nov 95

[Report by Jesus Padilla and Jose Luis Rumbaut; from the "NTV" newscast]

[FBIS Translated Text] The final session of the National Sugar Industry Workers Union [SNTA] congress began today following approximately 5,000 rank and file assemblies and 14 province sessions. The SNTA congress is being held amid tense preparations for the 1995-96 sugarcane harvest.

Members of the SNTA Committee and approximately 50 guests from the sector were received at the national CTC [Central Organization of Cuban Trade Unions] headquarters, and they later held a meeting with the workers' main leadership.

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Pedro Ross gave a lecture on various social issues concerning the beginning and good fate of the upcoming sugarcane harvest.

[Begin Ross recording] In fact, we have in our hands the possibility of taking a leap, the one that our nation needs, the one that the country's economy needs. The leap will be highly significant in the sugarcane workers' life in the immediate future and in the lives of all our people. [end recording]

The congress is being held amid the sugarcane workers' arduous preparations in the countryside and the sugar mills, as well as the planting and repairs.

That is why the meetings with the rank and file have led to agreements that sponsor the necessary and essential leap in sugar production that the country needs.

The sugarcane workers implement an incentive system that includes the quality of cutting, technical norms, planting in cold weather, and industrial supplies. The sugar industry congress' final session ends tomorrow.

Minister Discusses Plans To Increase Rice Production

PA2211224095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuba plans to cultivate new areas in which to plant rice as part of the program to boost rice production. Agriculture Minister Alfredo Jordan has told "NTV" that provinces like the Isle of Youth — with approximately 150 caballerias — and Ciego de Avila — with over 400 caballerias — have what it takes to match Cuba's five rice producing provinces. The goal is to take advantage of the potential of the almost 180,000 hectares suitable to plant rice nationwide:

[Begin Jordan recording] We have the infrastructure, water, workers, and machinery. The country has much of what it needs to increase rice production, to plant a little rice wherever possible under controls and in an organized fashion, and to provide the necessary technical supervision. We think that we can increase production on our rice farms. Needs will gradually be met. [end recording]

Provincial Assembly Debates Action on Politburo Findings

PA2211223995 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Nov 95

[From the "National Radio News" newscast]

[FBIS Translated Text] The Provincial Assembly of the People's Government in Pinar del Rio is holding a special debate on action being taken in response to Politburo members' findings during their recent visit to the province. Action that is and will be taken to increase food production, to improve tobacco yields per area, to ensure an efficient sugarcane harvest, to promote housing construction through locally devised solutions, and to improve services to the people are among the essential issues being discussed. Delegate Jose Manuel Junco, commenting from experience as a farmer, addressed the Politburo's calls for higher tobacco yields:

[Begin Junco recording] The average yield began to increase in 1978. It amounted to 124 quintals back then and amounts to 136 quintals now. We have simply improved the soil [words indistinct] putting everything we have into improving things and never letting down our guard. [end recording]

A movement has been formed to push for greater yields, in addition to the master plan designed to help every municipality produce more food in the short term. The movement includes 369 farmers capable of producing over 500,000 quintals of vegetables, tubers, and grains.

Politburo Members Criticize Province's Production Work

PA2311005995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Nov 95

[Report by Marta Moreno; from the "NTV" newcast]

[FBIS Translated Text] Politburo members who toured Villa Clara Province have found that the province has made very little progress on its production efforts:

[Begin recording] [Moreno] Criticism dominated the discussion on Villa Clara's animal husbandry and sugarcane planting and weeding efforts. The need for fresh milk attests to the little growth that has taken place in the livestock sector, primarily due to a lack of technical discipline and stocks [aseguramiento], drought, a rise in the number of pilfering and slaughter cases, and an increase in the number of weeds in grazing areas. Politburo members believe that the animal husbandry program currently underway there could help the situation. Politburo members visited 15 agroindustrial complexes

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and their respective communities, as the sugarcane industry is the province's most important industry. Some of the problems that were noted include: A shortage of workers within several basic cooperative production units; the need to strengthen the bond between the workers and the land; and, above all, an inability to meet sugarcane planting goals. However, the people of Villa Clara show a will to carry the sugarcane harvest forward and to push for a 31 percent growth rate in the sugar industry. Not all grassroots cadres are doing a good job administering complexes or their respective communities, with the Emilio Cordova and Washington complexes being just two examples of this. Division General Ulises Rosales del Toro stressed the importance of taking better care of sugar industry workers and retirees, as they are the sugar industry's real spokesmen.

[Rosales] We have approached communication with the people in several ways, paying surprise visits and going on walkabouts. However, this visit has confirmed our suspicion that they remain dissatisfied over these issues. We have yet to reach every location. We are still not as direct or wide-reaching as we could be. We heard just how unhappy they are during our conversations with them.

[Moreno] Villa Clara Province faces difficulties in several areas that other provinces face. However, there are signs of recovery in the agriculture and service sectors. For example, the (Yabu) plan has not reached its historic record — one million quintals — but has doubled last year's production. While there are signs that the production of tubers and vegetables is on the rise, there are municipalities — Manicaragua and Placetas — that have not achieved acceptable results. The agriculture minister said that the results obtained regarding organic orchards and vegetable distribution were encouraging. New ideas are also being implemented to make services being offered to the people more efficient. [Words indistinct] that hospital operations are 40,000 per year and the infant mortality rate is 7.6 [figure as heard], one of the lowest in Cuba. (Miguel Diaz Cane), Cuban Communist Party secretary in the province, described the Politburo members' visit as positive. He confirmed that the people of Villa Clara were left with a good impression of the Politburo members. (Diaz) said that their instructions will be followed and that everything possible will be done to comply with the directives as soon as possible. [end recording]

Customs Warehouse Possible Free Trade Zone Site

PA2311002095 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Nov 95

[Report by Mariela Diaz; from the "National Radio News" newscast]

[FBIS Translated Text] The Havana In Bond customs warehouse could become Cuba's first free trade zone. Operations in this area of Berroa are similar to those in the commercial free trade zones that have been so successful in the Caribbean. Havana In Bond has already made several guarantees that are characteristic of free trade zones; for example, firms headquartered in the area pay no tariffs or taxes on their revenues as long as their merchandise remains in the warehouse. Havana In Bond users may even transfer their profits abroad. Almacenes Universales branches in Mariel and Cienfuegos could also become free trade zones. The one in Mariel includes 230 hectares, a 400-meter dock for ships up to 13 meters, and space to store contaminants. The Cienfuegos branch, which is also under free zone consideration, has a bay perfect for large vessels: The grounds extend over 13 square kilometers, its dock can accommodate vessels up to 10 meters, and there are wide (?roads) and warehouses. Mixed free zones could be set up in both areas, which are in commercially advantageous locations for storage and for industrial and service purposes. The UN Conference on Trade and Development defines an export processing free zone or industrial free zone as a geographic area that enjoys customs privileges and other incentives and whose main activity is to manufacture products for export.

Thermoelectric Plant Expected Operational 22 Nov

PA2211155195 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 95

[Report by Haroldo Garcia in Holguin; from the "National Radio News"]

[FBIS Translated Text] Considered to be a real feat of labor carried out amidst the country's difficult economic conditions and a specific contribution to the hopes of Holguin Province to win the competition for 26 July, a few hours ago the Felton Thermoelectric Plant entered its final stage of construction before its synchronization into the national energy system. Carlos Lage Davila, member of the Politburo and vice president of the State Council, accompanied by Marcos Portal, minister of basic industries, and Jorge Luis Sierra Cruz, first secretary of the party in Holguin Province, observed the construction details and technological quality of the installation and the possibility of adding other generating plants in coming years, starting with the facilities provided currently.

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With the security and stability it provides to the power distribution system, mainly in the eastern zone when the sugar harvest is about to begin, Fenton also represents a sizable fuel savings, which reaches 50,000 metric tons per year to produce 250 megawatt hours of electric energy. For this reason, Lage emphasized that in the following days nothing should be forced and the work should be carried out with the utmost care to ensure the best quality in putting the plant into operation, a matter which was stressed in his dialogue with Engineer Jorge Lopez, general director of the thermoelectric plant, who had precise answers to Lage's questions.

[Begin Lopez recording] Right now, practically everything is working and what is not actually working is already being tested. Plant regulation controls, hydraulic regulators for the turbine — all has been tested already, and by 22 November we should be on line. [end recording]

The first Felton generating plant should be synchronized into the national power grid by next week.

Havana Oil Refinery Undergoes Major Overhaul

PA2211170495 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 95

[Report by Demetrio Villaurrutia; from the "National Radio News" newscast]

[FBIS Translated Text] Everything is ready to start a major overhaul on plant number one of the Nico Lopez Refinery in Havana. Repairs to this plant are carried out approximately every two years. Now it will be done following a careful process of preparation and contracting of necessary materials for its upkeep.

Plant number one at Nico Lopez refines crude oil into other oil derivatives. Reporter Demetrio Villaurrutia expands this report:

[Villaurrutia] According to sources who were consulted, this plant undergoes a major overhaul every two years. Here is Ruben Valdes, director of the Nico Lopez Refinery in this capital:

[Begin Valdes recording] This plant number one processes 100 percent of the crude oil that enters the refinery. In other words, it is the primary distillate plant tasked with that responsibility. Once this plant starts production, among other products, it produces manufactured gas, gasoline components, kerosene, diesel fuel, asphalt, and fuel oil. We all know what asphalt is used for. The fuel oil is used practically in its entirety to generate electric power.

Additionally, this plant is responsible for producing raw materials for plant number two, or the plant known by many as the catalytic cracker plant, which is the plant that guarantees high-octane gasoline components and the manufacture of liquefied gas. [end recording]

Of course, a major overhaul such as this one calls for certain organization and preventive measures.

[Begin Valdes recording] This means that the plant will be out of service between 40 to 45 days, approximately. Of course, we will not be producing during that period the products I have just mentioned. Logically, for this, our organization has planned beforehand how to guarantee the minimum supply of fuel, especially domestic fuels, so as to ensure that there be no failure during this planned period. [end recording]

Water Pipeline Between Turiguano, Cayo Coco Tested

PA2111134895 Havana Radio Rebelde Network in Spanish 1255 GMT 9 Nov 95

[From the "Doing Radio" program]

[FBIS Translated Text] The first 4-km section of the drinking water pipeline under construction in the causeway between Turiguano Island and Cayo Coco was successfully tested. The pipe is the first of its kind in Cuba, made of fiberglass-reinforced polyester tubing. During the test, the pipeline was subjected to pressure over 50 percent higher than what it will have to endure during its normal operation.

The Heroes (Cuito Cuanabales) contingent is working on this project, which will be 29 km long, and workers of the Union of Caribbean Construction Enterprises are completing another 9 km in Cayo Coco, but using asbestos tubing. Once that pipeline is completed, it will carry drinking water from a water supply point in Patria en Moron Agroindustrial Complex to hotels, making the current transportation system in trucks unnecessary.

Roundup of Economic Developments Through 22 Nov

PA2211144795

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 22 November.

The Renato Vitar Concrete Factory in Varadero will produce more than 1,000 blocks per hour by early 1996. The Renato Vitar Concrete Factory in Varadero will be completed by year's end. Construction foreman Eustaquio Cova Reyes has said that this plant's full production capacity is 10,000 blocks a day, which will be enough to meet the local demand for blocks, and

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thus save time and transportation costs. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 95)

In 1996, the Ministry of Agriculture plans to build approximately 25,000 housing units in rural settlements as part of the various agricultural programs being implemented nationwide. First Vice Agriculture Minister Celiberto Arazo explained that this is a significant task to stabilize the agricultural labor force and achieve higher and sustained productive results. Arazo noted that "funds have already been secured for 14,000 housing units included in the program for 1996, and stressed the need to use the local resources available in the various regions of the country to their utmost to promote the construction program." According to estimates, approximately 15,000 units will be completed in 1995 in rural settlements. Progress in this area will result in the gradual improvement of the situation of the labor force in the country's farms, basic cooperative production units, and cooperatives. (Havana Radio Rebelde Network in Spanish 1800 GMT 10 Nov 95)

Thirty-four locomotives are already available in Camaguey for the upcoming sugarcane harvest. Camaguey's 60th Anniversary Repair Shop, located in Florida, ranks, with those in Holguin and Villa Clara, among the country's best shops. A sign of this shop's superior work is that it has completed 40 percent of the repairs plan compared to 1994. This shop ranks among the best of its kind in the repair of crankshafts, engine cylinders, and the aligning of wheels, among others. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 95)

There are more than 50,000 cans of ripe coffee in the mountain municipalities of Trinidad and Fomento, the reason why thousands of people are moving to these places to help harvest the grain. Thus far, these collectors in Sancti Spiritus have collected approximately 60,000 cans of coffee since the beginning of the harvest. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 95)

In spite of current difficulties, 75 percent of the construction of Las Camariocas Nickel Plant in Moa has been completed. The workers of the Martinez Tamayo Brothers Contingent are making a great effort to maintain and even speed up the current levels of work at Las Camariocas Nickel Plant. They are also working to maintain the already installed technological facilities. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 95)

A 15 November, Holguin-datelined item, cites Jorge Luis Sierra, first secretary of the Communist Party of Cuba in Holguin, saying that in 1996, Holguin is ready to beat a historic record regarding Cuba's production of nickel, which reached 46,000 metric tons in 1989. In fact, the nickel industry has already emerged from the "special period," and is expected to end 1995 with a production higher than 40,000 metric tons. Sierra stated that "such a remarkable increase in production — only 26,712 metric tons were produced in 1994, according to official figures — is the result of the modernization of the industrial plant and the existence of suppliers of raw materials, which has also made the sector more competitive at the international level." Asked about economic results in Holguin in 1995, Sierra stressed that "certain areas have been strengthened that allow us to say that the economy is beginning to recover, for instance, the production of foodstuffs, which will virtually double compared to 1994." With regard to the sugarcane harvest, Sierra pointed out that this year, the manual weeding out of sugarcane reached the unprecedented level of 35,000 caballerias (land measurement). The mechanized industry is another sector that has experienced a substantial growth. In 1996, predictions indicate that this sector will reach production levels higher than $62 million, which is considered a historic peak. He added that tourism also maintains remarkable growth levels. For instance, hotel occupancy has been on the rise as a result of a larger number of weekly international flights, currently 27, and probably, the most novel event in this area will be the inauguration of a new air terminal in 1996. Among the achievements registered in 1995, Sierra also mentioned the upcoming incorporation into the national electric power system of the first group of 250 megawatts of the Felton Thermoelectric Plant, located in the municipality of Mayari and considered the country's number two plant regarding power generation. According to estimates by specialists, the commercial use of this plant will not only improve the generation of electric power significantly, but it will save at least 50,000 metric tons of fuel oil a year. (Havana PRENSA LATINA in Spanish 1936 GMT 15 Nov 95)

According to a 17 November, Moscow-datelined report, a group of Russian intellectuals opposed to the U.S. blockade on Cuba today donated to Cuban schools and institutions slightly more than half a metric ton of school supplies and medicines for an estimated value of $5,000. (Havana PRENSA LATINA in Spanish 1148 GMT 17 Nov 95)

In Santiago de Cuba, cement workers aim at producing 1.8 million metric tons of cement in 1996. This production will surpass 1995 estimates by 300,000 metric tons. The cement is intended for the building of 50,000 homes in 1996. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 15 Nov 95)

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The Commander Che Guevara Nickel Plant in Moa, Holguin Province, reached its production goal for 1995, surpassing the 1989 record production by 1,000 metric tons. The plant is designed to yield an annual production of 30,000 metric tons of nickel and cobalt for exports. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 15 Nov 95)

During the past three years, Cuba has injected approximately 20 million pesos into the investment program of the Venezuela Sugar Mill in Ciego de Avila. The investment is mainly for the electricity sector and boilers in order to be ready for the upcoming harvest. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 15 Nov 95)

Approximately 1,200 hotel rooms will be ready to use in Varadero in 1996, according to a 17 November report datelined Havana. These rooms will be in addition to the existing 7,000, which are operated in association with Spanish, Jamaican, and German firms. (Havana PRENSA LATINA in Spanish 1632 GMT 17 Nov 95)

Cement production in Cienfuegos is showing signs of recovery after reaching exports of 600,000 metric tons. The workers hope to export 900,000 metric tons next year. (Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 95)

Haiti

Dialogue Participants Seek 3 More Years for Aristide

PA2211223395 Port-au-Prince Radio Metropole in French 1900 GMT 22 Nov 95

[FBIS Translated Text] The participants in the national dialogue have adopted a resolution in favor of the recovery of the three years President Jean-Bertrand Aristide spent in exile. This resolution, which is the first one adopted at this forum, was accepted by the great majority of the popular groupings present. The text says that three years are non-negotiable, explaining that the political climate is not favorable to the holding of presidential elections in Haiti.

CEP Meets With Presidential Candidates 22 Nov

PA2311005795 Port-au-Prince Radio Metropole in French 1900 GMT 22 Nov 95

[FBIS Translated Text] The Provisional Electoral Council [CEP] met with the presidential candidates. All candidates, except Rene Preval, participated in this meeting, which was also attended by Colonel (Joseph Kinzer), commander of the UN Mission in Haiti. Rene Preval was, however, represented at this meeting, which allowed the candidates to discuss the security issue — their main concern. Questioned by Radio Metropole right before this meeting, most candidates were in favor of a widening of the registration so a greater number of voters can participate in this election.

[Begin Julio Larosiliere recording, in Creole] What I intend to propose them is the registration [of voters]. I believe it is important to have open registrations for a few days — for a week, if necessary — in order to allow all those who were indecisive because they know that Haiti has regular presidential elections.... Even if the person does not believe in the legislative elections, he nevertheless believes in the presidential elections and would like to vote. There must be registrations so they can have their electoral cards, which will make these elections successful. [end recording]

This was a statement by Senator Julio Larosiliere, independent presidential candidate in the presidential elections of 17 December.

Radio Report on Burning Barricades in Port-au-Prince

PA2211164795 Port-au-Prince Signal FM Radio in Creole 1900 GMT 21 Nov 95

[From the "Haiti Today" newscast]

[FBIS Translated Text] Another point in the news is the question of barricade which was kindled this morning in front of the National Port Authority on the La Saline Boulevard by numerous employees of this institution who said they heard that Julio Cadet has been dismissed. They say they do not agree with the dismissal.

Many UN Mission in Haiti [UNMIH] men intervened at the La Saline Boulevard in order to remove the barricades blocking the road, where tires had been set on fire. We will point out that during the intervention of the UNMIH policemen no trouble was recorded.

A similar situation developed on the National No. 1 Road near the Haitian- American Sugar Company and the Artibonite bus station, for buses going to Gonaives. The population living in the area had set burning barricades in order to protest a series of officials [there] who do not take actions against dishonest people who are committing acts of banditry and who have not been arrested by the justice department, according to people who came mostly from Boulevard La Saline and Cite Soleil and who burned tires on the National No. 1 Road.

We will note that there were burning barricades on the road to the airport, especially in the curve where Limousine Rental Center is located, the curve located after the gas station. According to the information we have, tires were burning in that corner located before the corner of Village Solidarite — I suppose that you

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have identified it very well. However, we did not have explanations on the reasons the population in the area or, at least, officials of people's organizations decided to burn tires in this area, the airport road area, before the corner of Village Solidarite, where there were burning barricades today.

Individuals Attack Eric Mevs; Break Car Windshield

PA2311042495 Port-au-Prince Signal FM Radio in French 1130 GMT 22 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Text] A member of the Mevs family was attacked by a group of individuals in Cite Soleil yesterday. In fact, Eric Mevs who was driving on the National No. 1 Road was intercepted by a group of individuals who wanted to search his car without any policemen present. He refused to obey the orders of those persons, who were apparently agitated. The windshield of his car was broken with stones. As he was turning around to escape further damage, one of them shot at him, damaging his vehicle. Nevertheless, Eric Mevs came out of it unscathed, although his car is riddled with bullet holes, some witnesses have confirmed.

It should be noted that during a statement to the press, Major Dany Toussaint, head of the interim police, warned that any person or group of persons who would dare to search vehicles without the presence of policemen would be considered outlaws and drastic measures will be taken against those persons.

Four Killed, 7 Injured in Cite Soleil Disturbances

PA2411015595 Mexico City NOTIMEX in Spanish 0001 GMT 24 Nov 95

[FBIS Translated Text] Port-au-Prince, 23 Nov (NOTIMEX) — Four persons were killed, seven were injured, and a police post was looted as a result of grave incidents that occurred this Thursday in the heavily populated neighborhood of Cite Soleil in this capital, according to witnesses.

The disturbances in Cite Soleil began in the morning, when a policeman fired on a driver who broke traffic regulations and killed a girl who was on her way to school.

Residents of Cite Soleil, who had assorted weapons that were recently confiscated by civilian groups during the searches of vehicles to disarm former military members, clashed with the policemen and looted the neighborhood's police station.

Policemen of the acting force (former military turned policemen) and UN multinational force agents intervened to calm the situation.

Cite Soleil's residents demanded the presence of President Jean-Bertrand Aristide, but the president disregarded the call.

Prime Minister Claudette Werleigh's administration also remains silent concerning the incidents.

According to media reports, Aristide and Werleigh met on Thursday with U.S. National Security Adviser Anthony Lake, who arrived on Wednesday for a 24-hour visit.

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Central Bank Reports Drop in International Reserves

PA2311191795 Mexico City NOTIMEX in Spanish 1702 GMT 23 Nov 95

[FBIS Translated Text] Mexico City, 23 Nov (NOTIMEX) — The Bank of Mexico (central bank) has reported that the international reserves of Mexico have dropped by $317 million, compared to its last report, and they stand at $13.746 billion as of 17 November.

According to a communique, the contraction in the reserves is the result of a decrease of $420 million and an increase of $103 million.

The drops were the result of paying $126 million dollars in Treasury Bonds (Tesobonos), net sales of foreign currency to the government for $169 million, and the Bank of Mexico's intervention in the exchange market for $125 million.

Meanwhile, the revenue came from the net operations with entities of the public sector, mainly with the Mexican Petroleum state enterprise (Pemex).

In its report, the central bank said that by 17 November, the monetary base, bills, and currency in circulation amounted to 51.739 billion new pesos, an increase of 2.563 billion new pesos.

Report Points To Increase in Cost of ADE

PA2311223295 Mexico City EL FINANCIERO in Spanish 21 Nov 95 p 7

[Report by Alicia Salgado]

[FBIS Translated Text] The cost of the ADE [Agreement for Immediate Support to Bank Debtors] has doubled after its implementation two and a half months ago. Taking into account that the inter-bank equilibrium interest rate has reached 69.74 percent, it has been estimated that the cost of subsidizing the commercial banks' interest rates increased from the expected 10.8 billion new pesos to 24.63 billion pesos by 10 November.

According to local and foreign bank analysts, this is a "conservative" estimate which does not include the fiscal cost of the increase in interest rates, which according to financial authorities was expected to be approximately 23.4 billion new pesos by the end of the year. That amount, however, did not preview a substantial increase in the interest rate registered between October and November. According to Consuelo Blanco de Vector, each percentage point represents an additional cost of one billion new pesos for the banking sector.

The analysts believe that the increase in the banking cost of ADE will be partially compensated by the "advance payment" the federal government will make to banks receiving fiscal subsidy. The government committed itself to make this payment as part of the program to reduce rates, using the fiscal surplus expected in 1995, which has been estimated at 15 billion new pesos.

The increase of interest rates and its impact on debtors whose debts surpass the minimum established by ADE has made organizations like Canaco [National Chamber of Commerce] in Cancun — according to reporter Alberto Ugalde — demand an extension of the deadline and limited amounts established by ADE, which are the main obstacles preventing small and micro enterprises from using that alternative.

Alfonso Fernandez, Coparmex [Employers Confederation of the Mexican Republic] president in Durango State told reporter Luis Angel Rodriguez that with the increase of interest rates, programs like ADE or Apre are ineffective, which affects micro enterprises.

In its recent economic report Banamex [National Bank of Mexico] announced that by October it had used 65 percent of the funds through UDI [Investment Units] to restructure mortgage loans. It recognized that clients that did not reach agreements must pay 60 pesos per day for each 100,000 new pesos owed in documents, which shows the strong impact that the increase of interest rates has had on bank debtors.

According to members of the Association of Mexican Bankers linked to the Credit Commission, the overdue portfolio by the end of October totaled a little over 123 billion pesos, increasing approximately 4 percent in nominal terms between September and October.

In addition, the ADE has had a special impact on debtors who owe "small amounts" representing approximately 30 percent of the overdue portfolio, although they represent 75 percent of the banks' credit clients. Therefore, the most serious problem banks are currently facing is the corporate portfolio.

Another factor that exerts pressure on the system are the militant debtor organizations that have not reduced their force despite the ADE and its 64 percent advancement last week, particularly El Barzon Movement. It was recently agreed that bank representatives, federal authorities, and leaders of El Barzon Movement will meet on 4 December to seek an agreement.

The impact that the financial fall has had on bank assets, in addition to significantly reducing the net margin of interest rates by the end of the year due to the costs of the ADE for banks, represents more pressures on the assets valued in dollars, since the devaluation of more than 100 percent of the peso has not been compensated with the necessary extraordinary income. The exception is income derived from the opening of the spreads

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[preceding word published in English] which exchange intermediation at times of high volatility as the current one allow the main banks participating in the exchange market to use.

Up until last week, U.S. dollar bank obligations amounted to slightly more than $25 billion, of which, $8 billion is in short-term Certificates of Deposits (15 to 90 days) which has meant nearly $2.4 billion in debt service during the first nine months of the year.

Secretary Rejects 'Spectacular' Measures for Change

PA2211150995 Mexico City Radio Red Network in Spanish 0000 GMT 21 Nov 95

[Report by Jorge Diaz; from the "Night Monitor Newscast"]

[FBIS Translated Text] The ceremony marking the revolution's 85th anniversary began at exactly 0900. Government Secretary Emilio Chuayffet was the keynote speaker. Chuayffet warned the president and others at the ceremony of two groups of people in society whose misguided beliefs could prove dangerous:

— those who support activities that could well cause the country to blow up and who believe that making things as bad as they can be through such activities is how the country's problems will be solved

— and those who not only reject a republican-style government and commitment to such a system but also want to return to the old style of presidential government.

The government secretary, addressing the group of officials from which the attorney general was noticeably absent, said that the country needs no more authoritarianism, aimless shocks [golpe de timon], or spectacular measures to motivate change:

[Begin Chuayffet recording, in progress] ...to overcome the crisis, to embark on state reform requires spectacular actions, aimless blows, authoritarian shake-ups, or will-o'-the-wisp [fuegos fatuos] games that merely serve to entertain and prove pointless in the end. Our society is in transition. Those who cannot understand this will end up believing in the tragic policy that the worst is the best. [end recording]

Chuayffet stressed that the country's problems and our conflicts can be discussed in a climate of absolute freedom, but with pessimists — those [word indistinct] who want to conceal our problems — kept at a distance. Chuayffet criticized those who fault the president and who insist that if he can do everything, then he should do everything. The government secretary said: Vertical solutions [soluciones verticales] no longer have a place in this government, since these are modern times of accountability. Chuayffet also pointed out in his address that in his time, Madero was described as an idealist who lacked any specific government program or a revolutionary without a method. Even his detractors were later able to see that the antidote he prescribed against dictatorship was democracy itself. The government secretary pointed out that our challenge today is to solve the problems currently plaguing the country; although the country is now six times more populated than when the revolution took place, the antidote will continue to be the same as the one Madero prescribed — that is, democracy and more democracy. Chuayffet said that the Alliance for Economic Recovery will consolidate growth in the country and that the president is now proposing a political alliance between all social actors in which no one can be excluded.

President Ernesto Zedillo and cabinet members laid a wreath at the monument honoring the Mexican revolution following Chuayffet's address.

President Opens Expo Francia 2000 Fair

PA2211223895 Mexico City Radio Red Network in Spanish 0000 GMT 22 Nov 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] [Announcer] Let us go to the World Trade Center here in Mexico City, where the Expo Francia 2000 fair started on 21 November. By the way, President Ernesto Zedillo attended the fair. Our reporter Victor Manuel Suberza has the story. Victor Manuel, good afternoon.

[Suberza] Good afternoon, Martin; good afternoon to the audience. Mexico is firmly determined to promote an economic recovery based on strong and sound foundations as an essential step to make the growth just, vigorous, and sustained. President Zedillo mentioned this as he opened the Francia 2000 Fair, saying that our country is determined to open new opportunities for productive investments in order to create jobs and offer better salaries to the working class. Let us hear what he said:

[Begin Zedillo recording, in progress] ...hence, our determination to open new opportunities for productive investments to create jobs and offer a better income to everyone. Mexico is increasing the number of opportunities for private investments, both domestic and foreign, in such areas as railroads, telecommunications, port and airports, transportation and distribution of natural gas, and the secondary petrochemical industry. Mexico is a good option for foreign investors interested in working

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with some of the most visionary businessmen and with one of the world's best labor force. [end recording]

[Suberza] Yves Galland, French Minister of Industry, attended the inaugural act. He pointed out that Mexico is his country's main trading partner in Latin America as their trade amounts $2 billion. Galland added that France has not diminished the flow of investments toward Mexico despite its severe crisis, thus evincing just another proof of confidence in our country's economic recovery process.

Some 150 businesses representing certain industries, Martin, such as food, automobile, clothing, and tourism, are participating in this exhibit. A total of 150 exhibitors are participating in this fair, which opened on 21 November and which Zedillo attended.

This is part of the information we have, Martin.

Over 200,000 Citizens Urge New Economic Strategy

PA2311161695 Mexico City LA JORNADA in Spanish 21 Nov 95 p 12

[Report by Laura Gomez Flores]

[FBIS Translated Text] At the Freedom Referendum [Referendum de la Libertad], 256,397 persons from 18 states of the country called for the establishment of an "alternative economic development strategy for Mexico," based on the flexible management of macroeconomic policy instruments and on sustained growth.

According to this strategy promoted by various business, social, and citizens organizations, fiscal, credit, and monetary policies should focus on stopping the destruction of production plants and on fighting unemployment.

Pedro Salcedo, president of the National Processing Industrialists Association, said that the revival of the economy should be the first step to establish the basis for a new development strategy to ensure that the domestic market and the exporting sector work toghether in a coherent way.

Through sectoral policies to promote production and competition in the countryside and in industry, the alternative strategy would establish the basis for an economy that is able to overcome foreign restrictions and at the same time consolidate the production sector via long-term projects, he added.

Antonio Martinez of the Permanent Forum of Action and Resistance Against the Crisis stated that the Freedom Referendum was held nationwide on 21 September with an explanation of the strategy to allow citizens who agree with it to sign books specially prepared for this purpose.

Aguilar Camin on Sources of Peso Weakness

96CA0046A Mexico City PROCESO in Spanish 13 Nov 95 No 993, p 53

[Commentary by Hector Aguilar Camin, historian, novelist, and former editor of monthly political review NEXOS: "The November Rumor"]

[FBIS Translated Text] In the face of the coup d'etat rumor that jolted the Mexican foreign-exchange market on Friday, 3 November, the word that political analysts have resorted to most often has been "conspiracy" while economic analysts have predominantly mentioned "confidence" (lack thereof). Our politically sensitive country saw the November rumor as a premeditated machination, the favorite plotters being, first of all (who else?), Carlos Salinas, second Manuel Camacho, and third a nebulous group of dinosaurs on a war footing: Heartless businessmen, dissident military officers, rebellious governors, and politicians involved in banking, who are legion.

For their part, economic analysts unanimously denounce the rise in interest rates as the only recourse for combating the runs on the peso and wonder why the Bank of Mexico is not injecting dollars into the market to halt the speculative trend. There are those who attribute the decision to the Bank of Mexico's sheer stubbornness. There are those who say that staying out of the market is a categorical constraint imposed by the U.S. Federal Reserve Board, one of the conditions for the $50 billion bailout that the Clinton administration offered.

The fact is that whether it is stubbornness or an outside constraint, the Bank of Mexico's noninvolvement and aggressive use of interest-rate hikes are not having a stabilizing effect but are instead creating uncertainty. The source of such uncertainty is the fact that after the adjustment program was implemented during the early months of the year, as of September investors began asking how Mexico was going to recover, where the fresh funds required were going to come from, what the timetable was, etc. The absence of convincing answers to these questions, the analysts say, triggered the first speculative runs, which were combated with hikes in interest rates. The rise in rates confirmed many investors' suspicions that the economy was not going to recover any time soon, given the prohibitive cost of money to invest. The upshot was that uncertainty about Mexico's economic future grew instead of being dispelled.

The prevalence of rumor and speculation in the country's political opinion circles prevents us from knowing for certain how much truth there really is to the political

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"conspiracy" and the exchange-rate "mismanagement." What many observers have noted is undoubtedly true, however: The rumor of a coup would not have had the impact that it did if the political and economic situation were sounder. The rumor's destructive capacity was inversely proportional to the fragility that investors perceive in Mexico's political and economic conditions.

The "November rumor" confirmed what many observers have been saying since the "December mistake": That the ruling coalition is inadequate and that its alliances with the various segments of society are not broad enough. Consequently, the government seems more on its own than it really is and less convincing than it needs to be. To the extent that its coalition is weak, the real interests of society do not feel represented and listened to within it. Thus, the government has no buffers, no efficient intermediaries, no breathing room. Before it has finished listening to the demands of one group, it is besieged by the demands of another, amid a crisis that does not offer much leeway for government action either.

The urgent need to mend and broaden the governing coalition still comes first. But there is one aspect of the "November rumor" that in my judgment represents a qualitative change in the country's public sensibility. What until now was indeed "the craziest of rumors," as the Dow Jones reporter described it in the article that started the rumor, has entered the realm of possibility. I am talking about the idea that a coup d'etat is possible in Mexico. I do not think that the country's political forces, beginning with the government itself, have ruled out this possibility with the unanimous vigor and forcefulness that would be expected from a political community unanimously committed to the rule of law and democracy, to which every last politician and journalist in the country at least pays lip service.

No matter what the truth is about a political conspiracy, economic mismanagement, and the inefficiency or weakness of the ruling coalition, I think that the "November rumor" should remind us all of several elementary things. First, that the current government was elected by a majority of Mexicans in the first clean, unobjectionable election, marked by a heavy turnout, in our history. Second, that the government was elected to serve six years and must remain in office for this period. Third, that the government can legitimately be called to account only at the very same ballot box at which it was elected, not through a conspiracy among its adversaries or the irritation of a society whose primary democratic obligation is to respect and defend its own decisions without hesitation, at least until the legitimate, legal opportunity to change them presents itself. Fourth, that Mexico has already had a coup d'etat, in February 1913. The consequence was the civil war.

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El Salvador

President Addresses Striking Government Employees

PA2411001695 San Salvador Radio Cadena YSU in Spanish 2212 GMT 23 Nov 95

[From the "YSU Radio News" newscast]

[FBIS Translated Text] Salvadoran President Armando Calderon this Thursday called on the government employees, who partially paralyzed government activities today and threaten to go on a general strike as of this Friday, to be understanding. During a brief news conference, President Calderon said: We hope to have the public employees' understanding — as has been the case in other sectors — so that everything can go back to normal. Somewhat more than 30,000 government employees from 17 government offices, including four ministries, started a strike to protest the controversial economic compensation law with which the government wants to cancel 15,000 jobs in the public sector as of next January. We have more information on the issue from Carlos Ramos:

[Begin recording] [Ramos] In an official statement, President Armando Calderon Sol said he trusts they will be able to reach an agreement with the government employees who reject the economic compensation law on services rendered to the state. The president met with labor leaders this Friday, to find a feasible solution to the problem.

[Calderon Sol] We hope to make positive advances so that everything can go back to normal. We are confident that we will be able to modernize the government as this will allow us to have what we all want and El Salvador awaits: a more efficient government that uses its resources more effectively. We are in a hospital right now and you have seen the investments being made in the health and education sectors. We are facing those problems with great responsibility. It is necessary that we invest more in our country's social areas. We will only be able to do this by saving resources and becoming more efficient and we can only achieve this by eliminating the positions that are not needed in the country. We hope to have the understanding of the public sector. Many government employees have already expressed their understanding. Several incidents have arisen mainly because the issue is being manipulated politically. However, we hope everything will return to normal and that we will have the understanding of all the public sector.

[Ramos] Although the information secretary did not allow reporters to ask the president questions, Calderon Sol said radical positions will be surmounted through dialogue:

[Calderon Sol] Such confrontations do not lead anywhere. They only lead to the loss of resources and, as we all know, to sterile confrontations. We hope the situation will be resolved this morning.

[Ramos] Several government offices suspended their work today, in a clear attitude of rejection of decree 471, which eliminates approximately 15,000 government positions. The parties are meeting to find a solution to this crisis. [end recording]

Former Army, FMLN Members Occupy Building, Take Hostages

PA2311221495 San Salvador Radio Cadena Sonora in Spanish 1730 GMT 23 Nov 95

[Report by Rene Alvarenga; from the "Sonora Newscast"]

[FBIS Translated Text] We want to announce that following the series of incidents that took place this morning — workers who were protesting against Decree 471, the demobilized members of the Salvadoran Army and guerrillas, who had gathered at the Cuscatlan Plaza, marched to the Armed Forces Social Welfare Institute, the IFSFA, which is located on Alameda Roosevelt and 55th Avenue — we want to announce that this building was occupied by the demobilized members of the Army and the former guerrillas. They are holding several hostages. According to reports, some 20 employees are being kept hostage to demand the payment of compensation as the demonstrators themselves have informed.

[San Salvador Teleprensa Television in Spanish at 1915 GMT on 23 November carries a two-minute report saying that some 35 persons working at the IFSFA are being kept hostage. Those who occupied the building have said the employees will not be released until a negotiation is held.

One of the hostage takers, an unidentified man, states his position: "These people cannot be released until a negotiation is held. We want to negotiate with the government. After demonstrations are held, agreements are always reached in which the president says a meeting will be held with our directorate leaders, but when the day comes he sends Mr. Chato Vargas or another person. We do not want to negotiate with deputies, we want to negotiate with the president."

One of the hostages, an unidentified woman, said: "They occupied the installations and took over all the offices. We are being kept as hostages. There are nearly 35 or 40

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persons held hostage. They have told us nothing. They only allow us to use the telephone. We are cordoned off here and we are waiting for this to be resolved. They have told us we are not going to be allowed to leave until their demands are met."]

[Mexico City NOTIMEX in Spanish at 2133 GMT on 23 November carries an "urgent" dispatch noting: "The National Civilian Police (PNC) today violently dislodged more than 100 demobilized members of the Army and the guerrillas who had occupied a public building and were holding some 20 hostages."]

Police Evict Former Combatants

PA2311232895 San Salvador Radio Cadena YSU in Spanish 2215 GMT 23 Nov 95

[FBIS Translated Excerpt] A Red Cross official reported that the Salvadoran Police a few minutes ago, violently evicted approximately 300 former combatants who had seized a government building this Thursday. He said the action had resulted in an undetermined number of injured — several seriously — arrested, and beaten people.

To evacuate the building, the riot police shot at and threw tear gas at the former guerrilla and Army combatants who were in the building. This action allowed the police to release 27 government employees who were being held as hostages by the former combatants. It was revealed that the combatants had released 10 employees a few hours previously.

The former combatants occupied the two-story building that houses the Fund for the Protection of the War Disabled and Impaired to demand the payment of compensations, pensions, and other benefits promised in the 1992 peace agreements to get them to demobilize. [passage omitted]

Guatemala

President Views U.S. Sanctions Within Trade System

PA2211213095 Guatemala City Teleonce Television in Spanish 0100 GMT 21 Nov 95

[From the "Telepress Newscast"]

[FBIS Translated Text] President Ramiro De Leon Carpio has commented on rumors that the United States may impose sanctions on Guatemala within the Generalized System of Preferences [GSP] framework:

[Begin De Leon recording] Guatemala is subject to supervision and scrutiny. We and other developing nations have asked that developed nations treat us equally with regard to trade relations and not set conditions that are unrelated to trade matters. Conditions set in the past related to dictatorships, human rights, labor rights, and narcotics activities. We are always subject to conditions that are unrelated to trade matters. That is [word indistinct] of free competitiveness and free market that we would like to see prevail between developed and developing nations. We have always been under scrutiny with regard to the labor rights issue. The UN Mission for Guatemala; the Labor Ministry; and Dr. Monica Pinto, an independent UN adviser, issue follow-ups on this matter. We sincerely believe that there is no reason to exclude us from the GSP. [end recording]

Foreign Minister Rejects Motion Questioning Peace Process

PA2211225395 Guatemala City Televisiete Television in Spanish 1900 GMT 21 Nov 95

[From the "Channel News" newscast]

[FBIS Translated Text] Foreign Minister Alejandro Maldonado Aguirre said today that the international community has rejected the motion questioning the constitutionality of the peace talks:

[Begin Maldonado recording, in progress] ...Cartagena, Colombia, asked that the peace agreement be signed this year. Russia has also asked for this. Friendly countries, as well as various international organizations, support the peace talks. We suspect that they are concerned over reports that legal action is being taken to obstruct this process. We, as a government, are ready to respond to those claims from a legal standpoint: They are unrealistic and legally weak. The arguments that the government plans to present to the Constitutional Court will uphold the constitutionality of holding peace talks. The president's constitutional mandate is laid out in the preamble and in the second article. All negotiations have been conducted according to that mandate. International agreements like Esquipulas I and Esquipulas II only complement the Guatemalan Government's political willingness to negotiate peace. Consequently, we stress that the presidential mandate to promote peace in Guatemala is constitutional and in tune with public sentiment. [end recording]

Guerrilla 'Commander' Vows To Take Power Through Elections

PA2211172595 Panama City ACAN in Spanish 1720 GMT 20 Nov 95

[FBIS Translated Text] San Jose, 20 Nov (ACAN-EFE) — The Guatemalan guerrillas, who have been waging an armed struggle for 35 years, said in San Jose today that they will take power by the year 2000 through the

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election of a front that is broad, popular, and democratic and not just leftist.

Pablo Monsanto, "commander" of the Guatemalan National Revolutionary Unity, told ACAN-EFE that "the popular movement's chances (of taking power) will be tremendous" once society is demilitarized and a truly democratic atmosphere develops. Monsanto described the outcome of the 12 October elections as "excellent" for the New Guatemala Democratic Front (FDNG). Six to seven deputies were elected from that party after only four months of preparation. The FDNG is made up of labor, popular, and human rights organizations, as well as leftist forces. It managed to have several deputies elected, two of them to the Central American Parliament. Monsanto noted that the popular movement was participating in elections for the first time, that it showed "what it can achieve by organizing its forces," and that it "is determined to take power through elections."

"We believe that we can take power by the year 2000 through a front that will not be leftist — although the left can participate — but together with democratic and popular forces having a broad program," Monsanto stressed. The guerrilla "commander" said that the program should focus on Guatemala's economic, social, and political development.

Consulted by ACAN-EFE on the possibility of giving up the armed struggle to seek power, Monsanto said that they started their armed struggle more than 30 years ago because all other means were closed to popular and democratic forces. "We are not renouncing a means but expanding the possibilities of struggle in other fields that did not previously exist," he said. One of the new possibilities is the electoral struggle, which should permit greater participation by the people "and through it achieving the great objectives of creating a democratic Guatemala with social justice and without oligarchic and military power."

Monsanto described the election results as "a great victory" for the FDNG, adding that "new opportunities have emerged to build an instrument for political struggle" that the Guatemalan people can use to "strengthen" their struggles. Monsanto said that "new channels for political participation" have been opened for popular sectors through the peace talks. He added that this process is "irreversible" and should end with agreements on fundamental changes within Guatemalan society. He stressed that "things in Guatemala have changed significantly" and that "there are very positive signs" of respect within the army for the recently opened political channels. "There is a large camp within the army that believes that things should be changed through negotiation. We understand that it (this camp) has been strengthened and that it is against using the armed forces to defend the interests of oligarchic groups," Monsanto said. He said that the camp in the army opposed to negotiations and change "is getting weaker," while the camp that favors negotiations "is gaining force." The rebel "commander" added: "This is where we see the possibility for change in the country."

Monsanto warned that the newly elected Guatemalan president will have to respect and comply with the agreements reached with the guerrillas; otherwise, he will be isolated in Guatemala and internationally. He noted that the electoral process has strengthened the negotiating process as a result of the commitments assumed by the candidates, which makes it necessary to continue with the negotiation process.

Monsanto and Rodrigo Asturias (Gaspar Ilom), who is also a rebel "commander," are in San Jose to meet Foreign Minister Fernando Naranjo and Oscar Arias, former Costa Rican president and Nobel Prize laureate. They will reportedly travel to Mexico today. They confirmed that they have visited other countries, including El Salvador, to discuss the recent election results with political leaders.

Panama

Officials Agree With Decision To Suspend Bases Talks

PA2411030895 Panama City EL SIGLO in Spanish 23 Nov 95 p 8

[Report by Betty W. Mendieta]

[FBIS Translated Text] Reacting to the executive branch's surprise announcement that the exploratory talks on the Southern Command's military bases had been suspended, National Legislative Assembly President Carlos Alvarado said he agrees with the measure and would not want to see foreign troops in Panama beyond the year 2000.

Alvarado affirmed that he would like to see the reverted areas as "Omar Torrijos had dreamed them — without the presence of foreign troops and at the service of the Panamanian people and the masses."

The parliamentarian acknowledged that the political ranks of the "PRD" [Democratic Revolutionary Party] are divided on the topic because some members of this political group still hold strong nationalistic stances.

PRD members claim that "we were hurt by a U.S. invasion and many prisoners of war," and these factors influence our decisions, the parliamentarian stated. We hope, however, that the day we have to decide, we will

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show enough maturity and find the best option for the country.

Alvarado denied that the internal division may have prompted the suspension of the talks, but blamed it on the heated political battle between President Bill Clinton, Congress, and the Senate. It seems that the climate is not right, at this time, to discuss the exploratory conditions on maintaining a military presence along the banks of the Panama Canal. The parliamentarian stated that the country will achieve greater development if the reverted areas are used for industrial development.

Oyden Ortega, chairman of the foreign relations committee, in turn, said the decision was correct. He added that the topic concerns not only Panamanians but the countries that once supported the negotiations between Panama and the United States in order to reach the Panama Canal Treaties, which conclude on 31 December 1999. Exploratory talks on the military presence or any other type of agreement cannot begin without the consensus of the Panamanian people.

Joaquin Franco III, a member of the Authentic Liberal Party, stated that the executive branch's decision came after it had lost political ground, because many people inside the government are opposed to these talks.

Christian Democratic Party President Ruben Arosemena agreed with Franco that the decision was made because President Ernesto Perez Balladares was cornered by his own party, which is opposed to these negotiations.

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Argentina

Officials React To Kantor Remarks on Patents

Di Tella Acknowledges 'Annoyance'

PY2211232095 Buenos Aires LA NACION in Spanish 22 Nov 95 p 7

[FBIS Translated Text] Foreign Minister Guido Di Tella has reacted firmly when he was asked about the remarks made by U.S. Trade Representative Mickey Kantor.

The U.S. official said that "the United States wants Argentina to offer more protection to the intellectual property rights of its pharmaceutical laboratories, but the Argentine Government and Congress have not agreed on legislation." Kantor also announced that next week our country will be sanctioned, adding: "We are deeply concerned with regard to Argentina. The country has not fulfilled its commitments on the matter, particularly in the area of patents."

The foreign minister responded: "Argentina has fulfilled the only international commitments it has agreed to fulfill in this area — that is: its commitments to GATT, through the norms produced by legislators in Congress and the regulatory decree issued by the executive branch."

Di Tella declined to say anything more, but in a stern voice he acknowledged that U.S. authorities will be informed of the Argentine Government's annoyance at Kantor's remarks.

A high-ranking diplomatic source told LA NACION that "it has become necessary to sit at a table (with the United States) and revise all terms of our relations."

Meanwhile, Hugo Roggero (PJ) [Justicialist Party], Chamber of Deputies Industry Committee president, characterized Kantor's remarks as "regrettable and unacceptable."

Roggero said the attitude is that of "the U.S. cowboys interfering once more with Argentine congressional decisions."

The legislator said that "Kantor's declarations constitute a new interference in the country's internal matters, with the aggravating added element that the people will end up suffering the consequences through increases in the price of medicines."

Radical Civic Union Deputy Pedro Novau, Industry Committee vice president, said in turn that the commitment mentioned by Kantor "is possibly a commitment made by [Economy Minister Domingo] Cavallo, not by us."

Novau added that Argentina "and 116 other countries signed an agreement with GATT, and the country did fulfill all its commitments when approving the patents law."

Frepaso [Front for a Country in Solidarity] Deputy Rafael Flores, an Industry Committee member, used the same irate tone. He said that "the national government should have repudiated Kantor vigorously, taking into account his usual pressures and threats. Unfortunately, it never dares do so."

Foreign 'Pressure' 'Unacceptable'

PY2311023695 Buenos Aires TELAM in Spanish 2243 GMT 22 Nov 95

[FBIS Translated Text] Buenos Aires, 22 Nov (TELAM) — Senate Provisional President Eduardo Menem today noted that the efforts to exert pressure on Argentina over the new law on the patents issue "are unacceptable."

The lawmaker said: "Pressures over sanctioning a law are unacceptable. The laws must conform to the interests of Argentina, and not to the interests of the United States or any other country."

Eduardo Menem made these remarks in response to remarks allegedly made by U.S. Trade Representative Mickey Kantor.

Press reports quoted Kantor as mentioning an alleged U.S. malaise over the fact that Argentina allegedly had not complied with its commitments on the patents issue.

The Justicialist Party lawmaker emphasized that, in Argentina, "we are complying with the GATT standards."

Eduardo Menem told Radio Rivadavia: "We are abiding perfectly by this multilateral trade agreement that has also been signed by the United States."

Menem noted: "Moreover, our position has been made more flexible. We could have established a 10-year transition period, but we first reduced it to eight years and then to five years."

Eduardo Menem subsequently noted: "Congress has already expressed itself through the law and we will not change this at all."

'Long-Term' Fishing Agreement Sought With UK

PY2311025395 Buenos Aires TELAM in Spanish 0015 GMT 23 Nov 95

[FBIS Translated Text] Buenos Aires, 22 Nov (TELAM) — Argentina and the United Kingdom have agreed on pursuing negotiations to achieve a "long-term" fishing agreement in 1996 and develop

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joint research programs that will establish volumes and fishing methods in the South Atlantic.

This decision was included in a final declaration issued after the 11th meeting of the Mixed Commission formed by officials from the two countries, who met on 20 and 21 November at the Foreign Ministry to coordinate fishing activities in the seas surrounding the Malvinas Islands.

The political decision of achieving a long-term fishing agreement was made in October by President Carlos Menem and UK Prime Minister John Major during a meeting they held in New York.

According to a joint communique issued today by the Mixed Commission, the two sides confirmed their decision to work toward the "conservation of the fishing resources in the southwestern Atlantic."

The Mixed Commission will meet again during the first week of December in London and in February in Buenos Aires.

The talks are being held under the "sovereignty umbrella" formula implemented in 1989 after the resumption of the diplomatic relations between the two countries.

During the meeting, Argentina confirmed its concern over a unilateral decision made by the United Kingdom in 1994, unilaterally expanding the exclusion zone westward from the Malvinas Islands.

The 25-point communique, simultaneously released in London and in Buenos Aires, points out that the two delegations agreed on assigning priority "to the conservation of certain species, especially the Ilex squid and the Polish hake," including the Loligo squid and the Austral and Cola hakes.

The two countries also committed themselves to carrying out joint scientific research cruises and pursuing negotiations to achieve, in 1996, a long-term agreement whose basic goal will involve conserving the maritime species and protecting the shared fishing resources.

Brazil

Reportage on Sivam Affair, Wiretapping

Cardoso Sees 'Ravenous Spirit'

PY2211193095 Sao Paulo AGENCIA ESTADO in Portuguese 1302 GMT 22 Nov 95

[FBIS Translated Text] Brasilia, 22 Nov (AE) — In a speech marking the 50th anniversary of the National Highway Department, President Fernando Henrique Cardoso today defended the Amazon Region Surveillance System (Sivam) and criticized "the ravenous spirit" [espirito de corvo] of those who see "putrefying flesh in everything." He added: "Let us prevent that ravenous spirit, that of seeing rotten things everywhere, from reigning again in our country. Yesterday, I met with some senators and told them that if they can show me any irregularity concerning the Sivam project, I would withdraw it from Congress. No one has thus far been able to show me any irregularity. Earlier, when they showed one irregularity, I did not sign the contract and I removed ESCA [Automation and Control Systems Engineering] from the deal.

Cardoso added: "Now, however, there is no irregularity. There is a desire to move backwards. There is a desire to breathe the stench of putrefying flesh; that very stench that stems from a malicious mind, which does not realize that there are people driven by a public spirit and that the Brazilian Air Force is, above everything, serving the nation."

Asked later who the ravens are, the president said he was just referring to a poem by Edgar Allan Poe.

Raytheon Contract Renewal Considered

PY2311002595 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 22 Nov 95

[FBIS Translated Text] The presidential spokesman has said the Sivam [Amazon Region Surveillance System] project is of national importance and should be expedited in Congress.

The government has just sent a harsh message to the Senate over the controversy over the Sivam project and the authorization for a foreign credit for it.

A short while ago Presidential Spokesman Sergio Amaral said it is scandalous to take so long to approve a bill of national interest — unless, of course, a project to control flights in the Amazon region and to combat smuggling, drug trafficking, and the illegal occupation of Indian territories, and to safeguard the national territory in such a vast area is not considered a matter of national interest or importance.

The spokesman said the president is willing to reconsider the Sivam project if Congress can prove irregularities within it, or if it is unimportant for the country.

Amaral said the government will renew the Sivam contract with the U.S. company Raytheon. He said the contract, which was valid for 180 days and which expires today, will be renewed in the next few weeks.

[Begin Amaral recording] It expires today, but the contract foresees extending it if the two parties so desire.

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This matter is being examined, between Raytheon and the Aeronautics Ministry. [end recording]

Amaral also said that President Fernando Henrique Cardoso is still awaiting a report from the Justice Ministry and an explanation on the telephone wiretapping at the home of Ambassador Julio Cesar Gomes dos Santos.

Telephone Tapping Unconstitutional

PY2311011395 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 22 Nov 95

[FBIS Translated Text] Federal Supreme Court President Sepulveda Pertence today said that telephone tappings are unconstitutional. He said Brazil is awaiting an explanation on the behavior of the authority who allowed the telephone of Ambassador Julio Cesar Gomes dos Santos to be wiretapped beyond the court-authorized limit. Sepulveda Pertence also considers serious the fact that Judge Luiz de Oliveira Filho was induced to authorize the wiretapping of the telephone of the ambassador for alleged involvement in drug trafficking, when the objective of the investigation was to obtain evidence against him for engaging in influence peddling.

[Begin Sepulveda Pertence recording] That is what is serious, in terms of relations among the government branches — especially the relationship between the judicial branch and the police. [end recording]

The Federal Supreme Court president said this episode must be publicly clarified.

[Begin Sepulveda Pertence recording] I hope that the appropriate explanations will be given not only to the judicial branch but to the country, about this dubious, unacceptable behavior on the part of a public authority who I believe has not yet been identified. [end recording]

For the Federal Supreme Court, telephone tapping is considered unconstitutional until it is regulated by Congress.

Meanwhile, Justice Minister Nelson Jobim received the report on the telephone tapping of the home of Ambassador Gomes dos Santos from the hands of Federal Police Chief Vicente Chellotti. Chellotti categorically asserted to the minister that the telephones of Planalto Palace were never wiretapped.

According to the Justice Ministry press office, Chellotti reported that all the recordings that were made are the ones already known by the media. Chellotti gave Nelson Jobim a report with all the explanations on the investigation. He also gave him the transcription of 13 recordings and a 90-minute cassette.

Minister Nelson Jobim will analyze the report and then inform President Fernando Henrique Cardoso of its contents tomorrow.

Possible Waiver of Bank Secrecy

PY2311023795 Sao Paulo AGENCIA ESTADO in Portuguese 2147 GMT 22 Nov 95

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 22 Nov (AE) — Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] said today that he will request the breaking of the bank secrecy of the people mentioned in the wiretapped telephone conversations of Ambassador Julio Cesar Gomes dos Santos, former chief of protocol of the presidency. He said he will do this if it is necessary for the investigations carried out by the Senate. Magalhaes will preside over a subcommittee that will hear the declarations of Lider Taxi Aereo owner Jose Afonso Assumpcao and Ambassador Gomes dos Santos, and that will analyze the recordings of telephone conversations that were requested of the Federal Police. The subcommittee will be made up of members from the three permanent congressional committees: Economic Affairs, Foreign Affairs, and Control.

The wiretapped telephone conversations will lead to the investigation of the accounts of Gomes dos Santos, former Aeronautics Minister Mauro Gandra, Assumpcao, and Senator Gilberto Miranda. Magalhaes, however, did not want to anticipate the names before making progress in the investigation. Gomes dos Santos and Gandra have already offered to show their accounts, Magalhaes recalled.

Magalhaes reiterated today that the Raytheon project "is dead, incapable of being morally revived." The senator agreed that Raytheon's estrangement from the project will not please the U.S. Government, but he understands that "there is a greater need to preserve public ethics than foreign interests."

Magalhaes said that he does not know whether the report issued by Sivam rapporteur Gilberto Miranda, who opposes the project, will be voted on or not. Although most of the senators oppose the project, it can be approved if "the report is proven not to be credible." Magalhaes said that President Fernando Henrique Cardoso is right to feel hurt by Miranda's change of opinion, since the latter first approved Raytheon's contract and then changed his mind. Magalhaes said he only believes in the words of the president, clearly demonstrating that he does not trust in the words of Senator Miranda.

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Police Official Resigns

PY2311165195 Sao Paulo AGENCIA ESTADO in Portuguese 1536 GMT 23 Nov 95

[FBIS Translated Text] Brasilia, 23 Nov (AE) — The Federal Police [PF] have confirmed the resignation of officer Mario Jose Oliveira, head of the Operational Data Center (CDO), which was in charge of wiretapping the telephone of Julio Cesar Gomes dos Santos, former chief of protocol of the Presidency of the Republic.

Oliveira tendered his resignation during a PF internal inquiry to identify those responsible for the telephone wiretapping. Solange Vaz dos Santos has been appointed to replace Oliveira.

Justice Minister on Recordings

PY2311222295 Sao Paulo AGENCIA ESTADO in Portuguese 2100 GMT 23 Nov 95

[FBIS Translated Text] Brasilia, 23 Nov (AE) — Justice Minister Nelson Jobim said today that it was Incra [National Land Reform and Settlement Institute] President Francisco Graziano who handed over, to President Fernando Henrique Cardoso on 9 November, a summary of the recordings made by the Federal Police of telephone conversations involving former Planalto Palace protocol chief Julio Cesar Gomes dos Santos According to Jobim, Graziano told the president: "Some Federal Police friends gave me this." The minister said that the Incra president, as well as Federal Police Director General Vicente Chelotti, will have to explain the episode. A short time ago, Chelotti said that he had already provided all the information on the case, and that there was nothing else to add.

French Company Issues Communique

PY2311222995 Sao Paulo AGENCIA ESTADO in Portuguese 1922 GMT 23 Nov 95

[FBIS Translated Text] Brasilia, 23 Nov (AE) — The French Company Thomson-CSF, which was defeated by the U.S. company Raytheon in the bidding for the installation of the Amazon Region Surveillance System (Sivam), today issued a communique responding to "certain rumors and allegations disseminated by the Brazilian press questioning the company's position in the latest events involving the Sivam case." The note sent from Paris has two points: 1) "In July 1994, the company Thomson-CSF lost the Sivam contract to a consortium of U.S. companies," and 2) "Any insinuation of Thomson-CSF involvement in espionage or bribery linked to these rumors and allegations is absurd and totally groundless, and will be liable to legal action for slander."

Government Actions Deemed 'Irregular'

PY2311232295 Sao Paulo AGENCIA ESTADO in Portuguese 1912 GMT 23 Nov 95

[FBIS Translated Text] Brasilia, 23 Nov (AE) — Deputy Arlindo Chinaglia (PT-SP) [Workers Party-Sao Paulo] has accused the government of having acted in an irregular manner when promoting the idea of not resorting to a bidding — arguing that there was a need to maintain secrecy — to select a group responsible for installing the Sivam (Amazon Region Surveillance System). Chinaglia used the Chamber of Deputies records to show that a number of deputies traveled to the United States in 1993 and to try to prove that the company Raytheon, which won the contract in the selection process, already knew the details of the project before it was contracted. The document mentions a visit by legislators to Raytheon headquarters on 17 June 1993, almost a month before the decree eliminating the need for bidding. According to the records, the deputies visited the company "responsible for the installation of the Amazon Region Protection System (Sipam)," from which Sivam was developed. Chinaglia questioned the fact that the document mentions Raytheon as being responsible for the project even before the Brazilian Government selected it. "We want to prove that there was no secrecy," the deputy said. "Raytheon knew about the project before Brazilian congressmen," Chinaglia said. The deputy presented a request to convene a Congressional Investigating Committee (CPI) to investigate the Sivam case and will officially ask the government to report on the visit of a Raytheon representative to Brazil in April 1992 to obtain information on the program. The PT deputy wants to know which Brazilian Government officials received the Raytheon representative and what they discussed. Chinaglia will present a third petition to the Attorney General's office to investigate a possible government leak of information on the program to Raytheon. The deputy will also call on people to demonstrate and will request a resolution to demand the suspension of the Raytheon contract.

Further Phone Taps Forbidden

PY2411003395 Sao Paulo AGENCIA ESTADO in Portuguese 2105 GMT 23 Nov 95

[FBIS Translated Text] Brasilia, 23 Nov (AE) — Justice Minister Nelson Jobim has forbidden the Federal Police [PF] to request of the courts any new authorization to record telephone conversations, as was done to record Ambassador Julio Cesar Gomes dos Santos' conversations — until Congress regulates the procedures and requirements for eavesdropping. Jobim explained that the order is consistent with the Federal Supreme Court (STF) interpretation on the matter. Today the justice

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minister sent a document containing 22 questions on the investigation into Ambassador Julio Cesar Gomes dos Santos to Federal Police Director General Vicente Chellotti. Chellotti must answer the questionnaire by 24 November.

Cardoso Dissatisfied With Report

PY2411003495 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 23 Nov 95

[FBIS Translated Excerpt] President Cardoso said he learned about the telephone tapping on the Sivam case through Francisco Graziano, president of the Incra [National Land Reform and Settlement Institute]. [passage omitted]

Cardoso told Justice Minister Nelson Jobim he learned about the telephone tapping case before the media. He said that he learned about it through Graziano, his former private secretary. Graziano in turn told the president he obtained the report through friends in the Federal Police.

The explanations provided by the Federal Police yesterday on the case have irritated President Cardoso, who considered them unsatisfactory. This is why the justice minister has given the Federal Police 24 hours to respond to a detailed questionnaire about the orders, procedures, and precautions adopted in this telephone tapping case.

[Begin recording of Justice Minister Nelson Jobim, identified by caption] Today I sent Federal Police Chief Vicente Chellotti a list of questions that must be answered within 24 hours. [end recording]

ISTOE's Source Revealed

PY2411015395 Rio de Janeiro O GLOBO in Portuguese 23 Nov 95 p 5

[Article by Franklin Martins]

[FBIS Translated Text] Brasilia — Press photographer Mino Pedrosa said yesterday that he gave ISTOE magazine the transcription of the wiretapped telephone conversation from the house of Ambassador Julio Cesar Gomes dos Santos, former chief of protocol of Planalto Palace, involved in influence peddling. Pedrosa owns a media company with journalist Augusto Fonseca, who is press adviser of Francisco Graziano, president of the Incra [National Land Reform and Settlement Institute]. Fonseca also worked in President Fernando Henrique Cardoso's election campaign. Despite his closeness to Fonseca and Graziano, Pedrosa denies that either of the two was responsible for the information that was leaked.

"I had access to the wiretapping report through my sources in the Federal Police. I decided on my own to give the transcription of some of the conversations to ISTOE magazine. My only interest in the case was from the journalistic point of view. I wanted to help disclose a scheme of influence peddling in Planalto Palace," said Pedrosa. He and Fonseca won the Esso company award for journalism in 1992 for their interview with driver Eriberto Franca, who precipitated the events leading to the impeachment of former President Fernando Collor. That interview was also published by ISTOE magazine.

Pedrosa said that on 3 November one of his Federal Police sources contacted him to tell him about the wiretapped conversation. The following week, after having heard the recordings, Pedrosa sought out ISTOE magazine to offer it the material. The magazine expressed interest, and received the transcriptions incriminating Gomes dos Santos by 14 November .

According to Pedrosa, it was only then that he informed his partner Fonseca about the wiretapping and the fact that he had passed the transcription to ISTOE magazine. Fonseca confirmed Pedrosa's statements.

"On 14 November Pedrosa informed me of what was going on. I immediately informed Graziano, who in turn told President Cardoso that ISTOE magazine had the recordings and that it would publish everything in its next issue," Fonseca said.

Cardoso had known about the wiretapping at least since 9 November, when he received the Federal Police report on the investigations on Gomes dos Santos. By coincidence, on that same day Cardoso had signed Gomes dos Santos' nomination for the post of ambassador to Mexico. Nothing indicated that Gomes dos Santos could be fired. The events began to come to a head on 14 November, when Graziano informed the president that part of the conversation had been leaked to the media. The crisis could no longer be resolved internally. Cardoso immediately summoned Gomes dos Santos, who then learned about the Federal Police report. On the following day, the ambassador tendered his resignation.

'Theory': 'International Espionage'

PY2411021795 Rio de Janeiro O GLOBO in Portuguese 22 Nov 95 p 3

[Article by Tales Faria]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso has a new concern: The president suspects that his conversations might also have been recorded, just as was done with his former assistant Julio Cesar Gomes dos Santos. President Cardoso suggested to his assistants that he is contemplating the theory of international espionage involving Brazilian Government

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officials, in the case of reports surrounding the Sivam [Amazon Region Surveillance System] project.

Ambassador Gomes dos Santos was one of President Cardoso's closest assistants at the Planalto Palace. According to advisers, President Cardoso used to talk with Gomes dos Santos over the phone constantly, even when the ambassador was at home. The president said he viewed the eavesdropping on his former assistant as a possible attempt at listening to his own conversations.

"I do not know whether the police recorded my conversations. It is possible," the president said yesterday during a working breakfast with government leaders.

During that meeting, Cardoso mentioned the "strategic importance" of the Sivam project for Brazil. The 1.345 billion reals the project will cost today represents the highest value placed in a bidding for private companies in the world. At this point Jose Anibal (SP) [Sao Paulo], PSDB [Brazilian Social Democracy Party] leader in the Chamber of Deputies, also referred to the issue of the eavesdropping:

"Mr. President, what worries me the most in this affair is the eavesdropping and the way it was done, because it places all citizens' rights at risk."

The president said that he did not know Gomes dos Santos' telephone conversations were being recorded. "I am also quite concerned with this problem. I assure you that I was not aware he was being eavesdropped upon. There are rotten things in this story," the president said.

Senator Romeu Tuma (SP) yesterday handed to the Senate reception desk a note directed to Justice Minister Nelson Jobim requesting information on the eavesdropping affair. Tuma, who directed the Federal Police during the Jose Sarney and Fernando Collor administrations, agrees with the suspicion that the president himself might have been the victim of espionage. Tuma said the eavesdropping could not have been done without the consent of Federal Police Director General Vicente Chellotti. Tuma now wants to know if Jobim was also aware of it.

"They were eavesdropping on the president, at least indirectly. This is a case in which the government is spying on the government," Tuma said.

Tuma asked the Justice Ministry to remit to the Senate a report on the investigation and a copy of the transcription of the 13 conversations that were recorded from the former presidential assistant's telephone.

Unanswered Questions

1. Did Nelson Jobim know that the Federal Police was eavesdropping on Julio Cesar Gomes dos Santos?

2. Who authorized the eavesdropping? For what purpose?

3. If the eavesdropping occurred in September, why did the Federal Police send a recording to the president only now?

4. Did the ambassador ever tell the president that he was dealing with matters that were outside the realm of his post's responsibilities?

5. What conversations involving Gomes dos Santos were recorded? Did any of those recordings involve a conversation with the president?

6. Why was the whole affair revealed only the day before the Senate was scheduled to vote on the recommendations for Sivam financing?

German President Advocates Free Trade, Cooperation

PY2411121995 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 23 Nov 95

[FBIS Translated Text] In Porto Alegre today, German President Roman Herzog advocated free trade and economic cooperation between countries. He said that the Real Plan is the best alternative for Brazil.

Herzog noted that the central topics for the Brazilian economy are the transition to free trade, the elimination of barriers, and economic cooperation.

In statements to the press after having lunch with state governor Antonio Britto at Piratini Palace, Herzog emphasized that without those conditions, Brazil will not have the advantages of engaging in international trade.

The German president said that economic associations are essential for the survival of international trade, adding that Mercosur [Common Market of the South] is one of the associations with stronger development possibilities, because of the vigor of countries like Brazil, which should play an outstanding role within the group.

Herzog remarked that many German entrepreneurs want to invest in Brazil, because certain production costs are lower than in Germany and Europe. He said, however, that the decision to invest will be made by entrepreneurs.

PRC Visitor Discusses Hydroelectric Projects

PY2211134095 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 21 Nov 95

[FBIS Translated Text] Brazil and China will exchange technology and experiences in the area of power generation. At a meeting between Mines and Energy Minister

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Raimundo Brito and the Chinese vice minister of water resources, the two sides clearly outlined their goals.

Brazil is interested in the Chinese know-how in building small hydroelectric plants generating less than 50 megawatts, which would be intended for isolated locations, primarily in states such as Mato Grosso and Goias, and Tocantins.

The Chinese side is interested in the Brazilian ability to build and to manage large hydroelectric plants. Thus, Brazil could participate in implementing three huge projects, one of them being the Three Gorges hydroelectric project, which would generate 17,680 megawatts — that is, the equivalent of one and one-half times the power generated by the Itaipu hydroelectric plant. Construction of the Three Gorges plant, which is expected to be completed in 15 years, will require 1 million workers.

The exchange of know-how may be agreed upon in December through the agreements to be signed during President Fernando Henrique Cardoso's trip to China.

Rio Privatization Program Approved; Demonstrations

PY2211174095 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 22 Nov 95

[FBIS Translated Text] After violent incidents and heated debate, Rio de Janeiro deputies approved the state government-sponsored privatization program. During the voting, demonstrators who opposed the program clashed with the military police.

The deputies approved the program a little past midnight. The program provides for privatization and partnerships with the private sector for 26 state-run enterprises and for Banerj [Rio de Janeiro State Bank].

There were a few demonstrators outside the building, awaiting the deputies' decision.

Employees of state-run companies, unionists, and opposition deputies yesterday afternoon closed Primeiro de Marco street, on which the state legislative assembly building is located, to protest privatization.

Thirty people were reported wounded during the clash between the demonstrators and the military police.

Compulsory Deposits To Finance Bank Mergers

PY2211232395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Nov 95 Section 2 p 1

[Article by Gustavo Patu]

[FBIS Translated Text] The government will release the compulsory deposits being held at the Central Bank [BC] to make emergency loans to banks that are merging or being incorporated. The releasing of compulsory deposits is one of the methods for increasing the amount of money in circulation. This method tends to make inflation grow.

In a conversation with Deputy Ayrton Xerez (PSDB-RJ) [Brazilian Social Democracy Party-Rio de Janeiro], Central Bank President Gustavo Loyola said that the money for the loans — for which no allocations have been provided in the budget — will be obtained from the compulsory deposits that banks have at the Central Bank.

Such deposits now amount to 38 billion reals. The funds were withdrawn from the market in order to control consumption and inflation. Part of this money will now return to circulation in order to help banks.

"We are not planning to use all compulsory deposits," Loyola said on 16 November, when reporting on the source for financial resources for bank mergers. The BC president noted that the regulation will be issued next week.

The loans for bank mergers and incorporations were created by an MP (provisional measure) issued early in the morning of 4 November. Its objective was to prevent new bankruptcies of banks facing financial difficulties.

The interest rate to be charged on the loans to banks must still be established. It is known that the rates will be lower than market rates. "They will be moderate, rather than excessive, rates," Loyola said.

As guarantee for the loans, the BC will accept government securities or federal government bonds for which there is little demand. Since banks have a large volume of such bonds, some of the loans will probably not be returned. In this case, the issuance of money must be compensated for by the sale of government securities, which will increase the domestic debt.

Chamber of Deputies Passes Fiscal Stabilization Bill

PY2311134595 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 23 Nov 95

[Report by Flavio Figueiredo]

[FBIS Translated Text] In a second voting round, the Chamber of Deputies yesterday approved, by a vote of 348 to 101, a constitutional bill creating the Fiscal Stabilization Fund [FEF]. There were only nine abstentions.

The FEF, which will replace the Social Emergency Fund [FSE], will be in force for 18 months. The bill will now

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go to the Senate, which will have to approve it in two rounds of voting.

Progovernment bloc leaders themselves were surprised by the outcome of the vote at the Chamber of Deputies because they were expecting to have difficulties passing bill yesterday. Earlier, they were trying to change the Chamber's internal regulations to block the submission of amendments to the bill.

Roundup of Economic Reports Through 16 Nov

PY1711225095

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 16 November.

BASIC LEADING INDICATORS

Rising unemployment in civil construction — The Association of Civil Construction Industries, Sinduscon, has reported that 30,000 civil construction jobs were eliminated in Sao Paulo in October; that is, the employment level dropped by 4.9 percent. As of the end of October, the number of unemployed construction workers has reached an all-time low during the past 15 years. From January to October, 106,000 civil construction jobs were eliminated. The employment level has dropped by 16.71 percent — which represents a reduction of 118,000 jobs — during the past 12 months. The wave of dismissals in civil construction has been blamed on the country's economic slowdown, on the declining sale of real estate property, on a lack of long-term financing at low interest rates, and on the virtual stagnation of public projects due to a lack of funds. Sinduscon notes that the largest employment drop occurred in relation to public projects, with a 5.76 percent drop; private housing construction, with a 5.16 percent drop; and industrial and commercial construction, with a 3.72 percent drop. (Sao Paulo AGENCIA ESTADO in Portuguese 1816 GMT 14 Nov 95)

FINANCIAL OPERATIONS

Petrobras' Profits Decline — The Brazilian Petroleum Corporation, Petrobras, reported on 10 November that its profits amounted to $275 million from January to September this year. This amount is 78.28 percent lower than that obtained during the same period in 1994, when its profits totaled $1.27 billion. Petrobras announced that in its specific activities alone — prospecting, production, refining, imports, exports, and transportation of oil and oil byproducts — it suffered losses amounting to $77 million during the past three quarters of 1995. The report says that Petrobras was able to offset the above losses through a $352 million profit yielded by its stocks in some of its subsidiaries such as BR Distribuidora. Petrobras' overall profit in 1994 totaled $1.7 billion. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Nov 95 section 2 p 9)

Cardoso Dedicates Xingo Turbine — On 14 November, President Fernando Henrique Cardoso set in motion, from Brasilia, the third turbine of the Xingo hydroelectric plant, which is located on the Sao Francisco River, at the border between the states of Alagoas and Sergipe. Cardoso said the new turbine was put into operation ahead of schedule to prevent a power rationing in the area. The Xingo hydroelectric plant will now generate 1,500 megawatts. Three more turbines are scheduled to go into operation in 1997. Construction of the Xingo plant started in 1987 and its overall cost has been estimated at $3.143 billion. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Nov 95 p B5)

Sales Drop in Greater Sao Paulo — The Sao Paulo State Trade Federation, FCESP, has reported that store sales in Greater Sao Paulo dropped by 6 percent in October this year compared to that of October 1994. Yet, compared to the September sales, there was a 4-percent increase in October. Accrued sales from January to October 1995 were 7 percent higher than those of the same period in 1994. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Nov 95 section 2 p 2)

Embraer Sustains Losses — The Brazilian Aeronautics Company, Embraer, sustained losses amounting to 229.5 million reals, R, as of September 1995. Embraer sales during this period totaled R202.9 million. Embraer President Mauricio Botelho said the above loss is still a consequence of the large debt the company has accumulated during the past five years. A recession on the world's aircraft market has brought about a sharp reduction in production. Embraer hopes to be able to obtain profits again beginning in 1997, when it will place its EMB-145 50-passenger jet planes on the market. (Sao Paulo GAZETA MERCANTIL in Portuguese 16 Nov 95 p A1)

FISCAL, MONETARY ISSUES

Personal Income Tax Proposal — Federal Revenue Secretary Everardo Maciel today announced that the administration is proposing, starting in 1996, an overall 13 percent increase in the various personal income tax brackets. The proposal establishes the following brackets: monthly income of up to R900, exempted; from R900 to R1,800, 15 percent; from R1,600 to R16,200, 25 percent; and any income of more than R16,200 monthly will pay 35 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1353 GMT 16 Nov 95)

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Credit Insurance Mechanism Approved — The National Monetary Council today approved a credit insurance mechanism established for customers of financial institutions. The Credit Guarantee Fund (FGC) will guarantee up to R20,000 per depositor and will cover demand deposits, savings accounts, time deposits, bank deposit certificates, and others. (Sao Paulo AGENCIA ESTADO in Portuguese 2242 GMT 16 Nov 95)

TRADE ISSUES

Beer Import Tax Reduced — The government announced changes to the Common Market of the South, Mercosur, differential list or the "Dallari List." This list will be eliminated in April. Of its 149 products, 52 were removed. The import tariff of 42 other products was reduced closer to the Common External Tariff, CET, that affects Argentina, Paraguay, and Uruguay. The import tax on beer was reduced from 20 to 8 percent. Economic Coordination Secretary Luiz Paulo Vellozo Lucas said: "Weather conditions in July were quite particular. It was not as cold as expected, and the Brazilian consumers continued drinking beer, increasing consumption considerably, as well as prices." He continued: "Therefore, the import tax was reduced from 20 to 8 percent so as to guarantee beer supply at appropriate prices." Vellozo added that the Dallari list will be eliminated because the inflation is under control, there is an excess of demand, and national production is increasing. In case new exceptional mechanisms are necessary, the economic team and the administration will establish new strategies. (Brasilia Voz do Brasil Network in Portuguese 2100 GMT 13 Nov 95)

Sales to Asian Countries Increase — Brazilian exports to Asian countries rose from $5.906 billion during the period January-October 1994 to $6.695 billion during the same period in 1995. Four countries have accounted for 67 percent of Brazilian exports to Asia: Japan, with $2.606 billion; China, with $898 million; South Koream with $688 million; and Indonesia, with $321 million. The EU was the second major importer of Brazilian products during this period, with a 6.92 percent expansion over the same period of 1994, with Brazilian exports totaling $10.543 billion. Leading purchasers were Belgium-Luxemburg with $1.357 billion, Spain with $752 million, and Germany with $1.819 billion. Exports to Common Market of the South — Mercosur — member countries totaled $5.160 billion — that is: 5.95 percent greater than in 1994. Exports to Argentina totaled $3.371 billion, while exports to Paraguay and Uruguay increased by 29.33 and 14.93 percent, respectively. Exports to the United States have dropped by 1.99 percent, from $7.326 billion to $7.180 billion. The decline was primarily attributed to the reduction in exports of footwear, steel sheets, and piston engines. (Sao Paulo AGENCIA ESTADO in Portuguese 1910 GMT 16 Nov 95)

Rio de Janeiro Exports — The Industry and Commerce Ministry has reported that Rio de Janeiro State is the eighth largest Brazilian exporter, with $1.4 billion in exports from January to September 1995. Leading export items are: steel, laminated iron sheets, tin, gold bars, aircraft fuel, coffee, and tires. Leading Rio de Janeiro exporters are: the National Iron and Steel Company, Petrobras, Cyanamida Quimica, and the Michelin tire company. The main recipient of Rio de Janeiro exports has been the United States, which accounts for 17.8 percent of Rio exports, followed by Argentina, Liberia, Chile, Uruguay, Germany, and Paraguay. Mercosur absorbed 16.3 percent of Rio exports in 1994, which represents 6.4 percent of Brazilian exports to Mercosur. Rio de Janeiro imports totaled $3.8 million from January to August this year. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Nov 95 merchant marine section p 1)

Chamber of Commerce With Peru — The city government of Sao Jose dos Campos, Sao Paulo State, on 13 November signed a protocol of intent with the Peruvian Government to create the Brazil-Peru Chamber of Commerce at the Paraiba Valley. The objective of the chamber, according to Peruvian consul general Enrique Palacios, is to intensify technloogical and trade exchange between Peruvian companies and Brazilian research companies and institutions based in the Paraiba Valley. For instance, Embraer has had several business deals with the Peruvian Air Force, which has already purchased 50 Brazilian planes. General Motors and Volswagen also export cars to Peru, and Servplan, exports antipollution equipment. (Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 95 p A5)

Roundup of Economic Reports Through 22 Nov

PY2411025695

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 22 November:

FINANCIAL OPERATIONS

Firms To Sign Phone Service Contracts — The Counsel General's Office (AGU) has decided that the Brazilian Telecommunications, Inc (Telebras) system companies can sign contracts for expansion of cellular telephone services without holding tender biddings. In a report published in the DIARIO OFICIAL DA UNIAO on 17 November, the AGU agrees with the legal analyses conducted by Telebras and the Communications Ministry,

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which showed that technical difficulties render it impossible to hold this sort of tender biddings. Therefore, Communications Minister Sergio Motta is free to begin investing the nearly 1 billion reals (R) that have been earmarked for his area this year. According to Motta advisers, only R300 million of the overall total will require analysis by the AGU before being invested. The Communications Ministry plans to install 380,000 new terminals this year and, according to Telebras sources, this will be done without holding tender biddings. The expansion program contemplates the installation of 924,000 terminals countrywide, 460,000 of which have already been installed. (Sao Paulo AGENCIA ESTADO in Portuguese 2328 GMT 17 Nov 95)

Treasury Operational Deficit Reported — National Treasury Secretary Murilo Portugal reported on 17 November that the Treasury had an operational deficit of R1.388 billion in October. This deficit was attributed to the payment, that month, of R1.378 billion in interests on the foreign debt. In the primary concept, which does not include the payment of interest, the Treasury had a R648 million surplus. Portugal explained that the payments related to the agreement for renegotiation of the foreign debt, which totaled R1.218 billion, covered not only the six-month interest payment that became due on 15 October, but also R516 million related to contract guarantees contemplated in the Brazilian Financing Plan, which was scheduled to be paid only in April 1996. Portugal added that the decision to pay for these guarantees in advance was important in order to reduce the so-called Brazil risk and improve the country's performance in the international market, and that "these expenses will not occur again in November." From January to October, the accumulated operational deficit of the Treasury totaled R2,647 billion. Although the tax revenue increased by 10.8 percent during this period, the overall expenditures increased by 15 percent. Portugal gave four reasons for the deficit: increasing expenses involving public employees' salaries, expenses involving payment of Social Security benefits, the end of the inflationary tax, and increasing expenses involving payment of interest. He said: "Compared to 1994, payroll expenses increased by 29 percent in real terms this year." According to Portugal, the deterioration of public accounts can be noticed because the Treasury primary surplus has dropped "despite the increased revenue registered this year." From January to December it totaled R7.871 billion, while in the same period in 1994 the total was R9.286 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 1949 GMT 17 Nov 95)

FISCAL, MONETARY ISSUES

Central Bank Head on Deposit Insurance — According to Central Bank President Gustavo Loyola, the clients of banks and other institutions that are under the special liquidation regime will start to receive the R20,000 deposit insurance before December. Loyola explained that the percentage each financial institution will deposit in the Central Bank will total as much as R300 million per year. He said the deposit insurance is "an expense to be paid by each institution." He acknowledged, however, that the clients will end up by paying for this insurance the same way they pay for other bank costs and bank services. Therefore, although the amount of the insurance cannot be deducted from the clients' current accounts, the cost of this monthly deduction will be diluted among the other banking costs paid for by the account holders. Loyola added that there will be no Budget Revenue Advance for the Credit Guarantee Fund (FGC), the so-called deposit insurance. He said that payments to the Economico Bank account holders will be done even before the private institution that will be responsible for the FGC is constituted. (Sao Paulo AGENCIA ESTADO in Portuguese 2015 GMT 17 Nov 95)

Nacional Bank Receives Loan — Claudio Mauch, Central Bank norms director, has just confirmed that a R4 billion loan of the Program to Encourage the Reorganization and Strengthening of the National Financial System, Proer, has been granted to the Nacional Bank. Mauch also confirmed that Unibanco has paid R1 billion for the Nacional Bank offices and that, as it has paid a premium in the purchase of the Nacional Bank, this premium can be deducted from Unibanco's income tax. (Sao Paulo AGENCIA ESTADO in Portuguese 1331 22 Nov 95)

PRIVATIZATION

Rio Privatization Project Approved — The Rio de Janeiro Legislative Assembly approved on 22 November, by a vote of 49 to 16, the government project for the privatization of its enterprises. The State Privatization Program proposed by Governor Marcello Alencar contemplates the privatization of 26 state-owned companies, including the Rio de Janeiro State Bank, which is under Central Bank trusteeship. (Sao Paulo AGENCIA ESTADO in Portuguese 1341 GMT 22 Nov 95)

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Chile

Inter-Parliamentary Group Formed With Cuba

PY2211190595 Santiago EL MERCURIO in Spanish 11 Nov 95 p C6

[FBIS Translated Text] Valparaiso — The Chilean-Cuban Inter-Parliamentary Group of the Chamber of Deputies has been constituted. Just one opposition congressman, (RN) [National Renewal Party] Carlos Caminondo and 22 deputies of the Coalition of Parties for Democracy, attended the ceremony.

UDI [Independent Democratic Union] members decided to exclude themselves from the aforementioned group, and requested the Chamber of Deputies to reconsider the constitution of this group, which they believe is inappropriate because Cuba lacks a democratic regime.

UDI Bloc Chairman Victor Perez Varela said the creation of this group is not advisable. He added that it does not uphold the principles of democracy or the dignity and powers of the Chamber of Deputies. He wondered: "What kind of Cuban deputies are there, and how were they elected? [no closing quotation marks as published] Deputy Alejandro Navarro was elected head of the Chilean-Cuban Inter-Parliamentary Group.

Pinochet Interviewed at Bariloche Military Summit

PY2211190095 Santiago EL MERCURIO in Spanish 12 Nov 95 pp D6-D8

[Interview with General Augusto Pinochet, Army commander in chief, by Patricio Gonzalez Cabrera, during the 21st Conference of American Armies in Bariloche, Argentina, on 8 November]

[FBIS Translated Excerpt] [Gonzalez] What can you tell us about your possible successor as commander in chief of the Army and the speculations that have emerged on the matter?

[Pinochet] I have no candidate. He must be the best among the generals who make up the top command, which is very homogeneous. [passage omitted]

[Gonzalez] Gen. Pinochet, do you think it is still premature to give the names of some candidates?

[Pinochet] First, I am a man of principle. I have no candidate because I still have to polish some details on this matter. Things change. Everything changes.

[Gonzalez] Several names are now being mentioned. People calculate, speculate who could be the five elected generals, as well as your own candidate.

[Pinochet] I was always annoyed, as president of the Republic, when people recommended some other people to me. I did not like it. I had to see first if the man recommended was capable of doing what he was saying. Often he was not capable so I did not accept him.

The people with me, next to me, were very patriotic people. They had good intentions and were quite capable. I do not want to say they were exceptions among capable people, but that is what led me to understand..., then, things get spoiled.

[Gonzalez] That is: There is no need to hurry because everything is liable to changes by the end of 1997.

[Pinochet] Everything changes. Everything changes.

[Gonzalez] But do you have a clear idea of who could replace you in your post as of March 1998?

[Pinochet] Perhaps I could recommend an individual who might not be liked, or perhaps I could recommend another person who might be liked... but that I will leave for later.

[Gonzalez] How close must the date be for President Frei to decide on your successor?

[Pinochet] According to the provisions of the Constitution, when I leave, five generals must be presented as candidates for commander in chief. The president of the Republic will then have freedom of action to do what he wants.

[Gonzalez] Do all generals have equal chances, then?

[Pinochet] The Army top command is homogeneous. They are all outstanding officers (he laughs). They do not reach the rank of general by being fools... [passage omitted]

[Gonzalez] You were the only commander in chief applauded after your speech to the conference.

[Pinochet] That is a reflection of the respect for a man who will soon be 80 years old. I have never avoided any responsibility... I was sent to Pisagua, so I went; I was sent to Schwager, so I went and fulfilled all my duties...

I have always studied everything in life. I have always studied war matters, war plans, everything.

There is knowledge attained through the years, through study, and through experience. That is the respect they pay me. This respect is to an old man, fully dedicated to his career.

[Gonzalez] Does the fact of being the oldest military officer on active duty represent a special responsibility for you?

[Pinochet] Yes, it makes a difference.

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[Gonzalez] You are the only five-star general on the continent.

[Pinochet] I have fulfilled my duty with the government as president of the Republic. This allowed me to become captain general, a five-star general.

The rank of captain general is granted in accordance with a decree issued by Liberator Bernardo O'Higgins. This decree says that the commander in chief can become a five-star general after having been commander in chief and president of the Republic.

In this case there have been only three in history: O'Higgins, Freire, and myself. A few others have been given this rank as honoris causa. [passage omitted]

Argentine Military Delegation Begins Visit

PY2211212295 Santiago EL MERCURIO in Spanish 21 Nov 95 p C4

[FBIS Translated Text] The Chilean and Argentine Air Force chief of staffs will have a two-day meeting in Puerto Montt. The meeting comes within the framework of the third round of bilateral talks that seeks to increase mutual trust between the two Air Forces.

The meetings were initiated at the start of the 1990's as a way to implement the Peace and Friendship Treaty signed between Argentina and Chile in 1984.

In the case of the Air Forces, these meetings of mutual trust have materialized in a number of exchanges involving protocol visits of commanders in chiefs and Air Force delegations, and the visit of officers of different ranks.

The Argentine delegation arrived at the Arturo Merino Benitez Airport at 1115 yesterday. It is headed by Brigadier Major Jorge Hernan Gimenez, deputy chief of staff and second in command at the Air Force after General Juan Paulik. Hernan Gimenez is accompanied by Commodore Raul Alberto Gambande and Vice Commodore Alberto Vicente Borsato.

The Argentine delegation was received at the airport by General Maximo Venegas, FACh [Chilean Air Force] chief of staff, who will head the Chilean delegation at the third round of talks. This delegation includes Aviation Colonel Jorge Cardenas and Roberto Seron, Squadron Commander Reinaldo Mella, and Captain Maria Teresa Lago.

The program of activities includes a protocol greeting to General Fernando Rojas Vender, FACh commander in chief; dinner at the Air Force club; and a trip to Puerto Montt, where the meeting will take place.

Although the issues to be discussed during the meeting were not clearly specified, it was said they will center on the search for ways to improve relations and future exchanges of officers.

The meeting of the chiefs of staffs will end on 22 November and the Argentine delegation will then travel to Santiago.

The Argentine delegation will leave aboard a commercial flight of Argentine Airlines at 1900 on 23 November.

President Urges Workers To Contribute To Growth

PY2211224595 Santiago EL MERCURIO in Spanish 10 Nov 95 pp A1, A16

[FBIS Translated Excerpt] President Eduardo Frei last night appealed to businessmen and workers to strengthen, through dialogue, the great national agreements, overcoming selfishness and distrust so that the country may seize the opportunity of developing with equity.

In a decisively political speech in which he rejected recent criticisms of the government by the business sector, he said all sectors must give up ideologies and "moderate passions, to prevent conflicts from surfacing again."

Closing an Enade [National Business Board] meeting, Frei upheld the need for efficient and permanent formulas to increase equity.

He referred to the need to improve competitiveness and production for which he said it is necessary to improve relations between businessmen and workers, and to enhance the labor law.

Frei said he is sure Chile "suffers a lack of the cooperation necessary to successfully tackle its main current disadvantages in the competitiveness field."

He devoted long paragraphs of his address to a state of mind and behavior in the business sector, emphasizing subjective aspects.

Frei rejected charges — against the government and politicians — of acting "irresponsibly."

"Some say the country runs on automatic pilot and that politics are a mere turbulence on the way to a preestablished destination. The other version is that the government, uninterested in politics and the real power factors, allows extremist sectors to advance in all Chilean sectors," said Frei, adding that those who believe this are mistaken.

The chief of state then told the businessmen: "The time has come to understand that a democratic system is the

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only one under which a social market economy can thrive."

He said: "Some believe the economy is independent from national political life," adding that it is not true that business and politics have nothing to do with each other, which is why "respect for human rights and the drafting of adequate regulations regarding our conflictive past have an impact on the economic security."

Frei referred to the recent ruling on the Letelier case, stating that he is satisfied with the results and happy that a situation that could have disrupted social peace was managed with prudence.

He said: "Our country grows not by evading problems but by tackling them with realism and good sense." Reiterating the historic opportunity the country is facing, Frei urged businessmen and workers "not to trip over the same stone, the one that prevented us from growing in the past."

Frei said: "We must continue to consolidate the institutions, whose framework of efficiency and legitimacy is a necessary requirement for a social market economy to function well."

He said that some sectors get upset because, in a democracy, politics are conceived in various forms. He added: "We have overcome the unhealthy mentality that thinks order is disrupted when citizens express their opinions, make criticisms, and even show their unrest." Frei added: "Chile must forget the authoritarian people who dream of an order that will never exist again, and who forget the creative power of dialogue and exchange."

The chief of state assured the businessmen that the country is ready to move toward a stronger and more efficient democracy. Therefore, he said: "There is no reason for shock or fear."

Lastly, Frei mentioned the need for a policy of understanding and the need to reach agreements. He said: "We must cast aside the times of conflicts as part of a premodern era already overcome. Each challenge posed by our development requires mutual cooperation. Passions must be moderated to prevent conflicts from surfacing again." Frei ended by saying: "The time has come to strengthen the great agreements and cast aside selfishness and distrust, to improve our capacity to dialogue, and reach renewed agreements. For this reason I make a fervent appeal for dialogue, agreement, and cooperation between businessmen and workers." [passage omitted]

Government Not To Propose New Constitutional Amendments

PY2311164495 Santiago EL MERCURIO in Spanish 18 Nov 95 p pA1, A27

[FBIS Translated Excerpt] The administration has stated that it will not propose new reforms to the Constitution, aside from those it has already issued. Moreover, it has stated that it has concluded its role as a promoter of amendments to the Constitution and the human rights bill encompassed in the Frei proposal.

Furthermore, it has acknowledged that disagreements over these issues with the Socialist Party still persist but it foresees that these will be overcome during the congressional debate.

This is what Jose Joaquin Brunner, the government secretary general, said yesterday. He added that the administration has already made a serious effort in the past few months to achieve a reasonable agreement on these two bills. He said that what now remains to be done is to debate these bills in Congress and to approve them.

Brunner discussed, yesterday, the possibility of submitting new constitutional reforms after Public Works Minister Ricardo Lagos had described the agreements achieved with the National Renewal Party [RN] as substantial but "insufficient."

Such words caused a ruckus in the opposition because the Independent Democratic Union [UDI] believes that Lagos' statement means that the Executive Branch will promote new constitutional amendments.

In response to UDI General Secretary Juan Antonio Coloma's urging RN to ponder Lagos' comments, RN First Vice President Alberto Espina played down Lagos' remarks by saying that it is the president who governs.

Nevertheless, Espina said that the Frei administration should "make a commitment" that it will not promote additional amendments to the Constitution.

Regarding the human rights issue, Brunner expressed the hope that the disagreements with the PS will be overcome during the debate in Congress of the bill agreed with RN. He added that those agreements achieved with the opposition party will be upheld. [passage omitted]

Socialists' Reforms to Rights Bill Said 'Infeasible'

PY2211232295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 22 Nov 95

[FBIS Translated Text] The Socialist Party [PS] has submitted 16 amendment proposals to the human rights

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draft bill. The National Renewal Party [RN] immediately reacted by stating that it is not willing to accept any changes.

The socialists submitted to Congress their proposed amendments to the so-called Figueroa-Otero agreement one week after a serious disagreement with the government. Among the basic changes proposed by the PS is that all the cases must be heard by the civil court and that they may only be definitely acquitted if the remains of the arrested-missing are found.

[Begin recording] [PS Chairman Camilo Escalona] I believe that closing the cases without determining the truth would fully modify the meaning of this bill. Unfortunately, I do not see any willingness to review the terms of the government-RN agreement. To some extent, as Deputy Alberto Espina has stated, this is similar to an expiration law.

[Justice Minister Soledad Alvear] Obviously, this legal initiative is not intended as an expiration law. What the executive branch would like — and we have told the congressional committee this — is for the proposal originally forwarded by President Eduardo Frei to be the one approved by Congress. This is quite obvious, and it is what President Frei stated opportunely. But everyone knows we do not enjoy the necessary support in Congress to approve Frei's proposal and that, in an attempt to make progress in the search for the truth, we have reached the agreement that has been submitted to Congress.

[RN leader Miguel Otero] Without an agreement, neither of the two projects will be politically feasible. Precisely in order to achieve feasibility, an agreement was reached with the government over the proposal being debated by the committee. The reforms proposed by the PS are completely infeasible and, what is more, we are not going to change this agreement with the government. [end recording]

The decision of the Senate's Committee for Constitutional Affairs regarding the human rights project will remain pending because voting has been suspended until 5 December.

Colombia

Prosecutor To Turn Over Evidence on Attorney General

PA2211142295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 Nov 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Your attention please. The Prosecutor General's Office will open preliminary investigations into former Comptroller Generals Manuel Francisco Becerra and Rodolfo Gonzalez Garcia, based on statements made by former Cali Cartel accountant Guillermo Alejandro Pallomari Gonzalez.

The Prosecutor General's Office will also turn over to the Supreme Court relevant information that will be added to the preliminary investigations, which the criminal section of the Supreme Court is conducting against Attorney General Orlando Vasquez Velasquez and Comptroller General David Turbay Turbay.

In addition, the Prosecutor General's Office will also turn over to the Supreme Court new pieces of evidence it was able to obtain with Pallomari's statements, which involve two congressmen, whose names have not been revealed in the lists that have been disclosed in the country up to now, because of their alleged ties to the Cali Cartel.

The names of these two congressmen have been held back, and they are added to a list of 16 congressmen who are being investigated by the Supreme Court for the alleged infiltration of drug trafficking money into political activities.

At any rate, in the case of former Comptrollers Gonzalez and Becerra, the incidents in which Pallomari is involving them reportedly took place while they were in public service, which allows them to benefit from their immunity rights.

The preliminary investigations will be conducted by the Prosecutors' Unit [Unidad de Fiscales] before the Supreme Court and not by the Commission of Faceless Prosecutors, which is in charge of Case 8,000.

Emisoras Caracol has learned that the faceless prosecutors who were in the United States returned to the country on the night of 18 November. They immediately began drafting their respective reports to open up the preliminary investigations into former Comptrollers Gonzalez and Becerra — before they returned to the United States to continue with the inquiry — and turn over the evidence to the Supreme Court.

What did Pallomari say? In this first stage of the inquiry, which was suspended because the U.S. federal administration was semi-paralyzed last week, Chilean Pallomari Gonzalez provided very detailed information, according to sources from the Prosecutor General's Office consulted by Emisoras Caracol.

There is no specific document being drafted. It will be drafted in the second part of the inquiry; however, very detailed information on the Cali Cartel's front companies, account numbers, check numbers, and so on, were provided, the sources told Emisoras Caracol.

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Prosecutor Denies Friction With General Attorney's Office

PA2411022395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Nov 95

[Report by Felix Canales from Caracas; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Colombian Prosecutor General Alfonso Valdivieso offered a news conference in Caracas today. He did not give importance to the alleged friction between the Prosecutor General's Office and the Attorney General's Office. Valdivieso also denied that there are confrontations between officials in his office and military officers. This newscast asked him about the possible existence of a secret agreement between the Prosecutor's Office and Santiago Medina. The Colombian Prosecutor General replied:

[Begin Valdivieso recording] There is no agreement with Santiago Medina. We have not made any kind of agreement contrary to the one that is represented in a judicial decision. Any person, not only Medina, can request benefits, several kinds of benefits, for cooperating with justice. [end recording]

Prosecutor's Office Sends Evidence Against Parliamentarians

PA2411024295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Attention, we have another last minute news item. Attention. This newscast just found out a few minutes ago, that the Prosecutor's Office has sent evidence to the Supreme Court of Justice to have it investigate Mario Rincon Perez, a member of the Accusation Commission, for appropriating one of the inquiries made to Antonio Jose Cansino, the president's attorney in Case 8,000. Additionally, evidence against Liberal Senator Eduardo Suarez Burgos and Chamber Representative Tato Alvarez Montenegro was also forwarded.

Prosecutor Takes Action in Santiago Medina's Inquiry Leak

PA2411021195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Attention, this is last minute news. The case on the leak in Santiago Medina's inquiry has started to be clarified. The prosecutor's office has just made decisions on this investigation. This case started when the former presidential campaign treasurer's inquiry got to hands of Ministers Botero and Serpa.

This newscast has just found out that regional prosecutor number 67, who is in charge of the case on the leak in Santiago Medina's inquiry, dictated several measures. This investigation started when a document containing the text of Santiago Medina's inquiry was received by Minister Serpa, who, at that time, said the document had been sent by an anonymous person. The following are the measures dictated by the prosecutor:

First, Julian Murcillo is linked to this investigation and is held responsible for the leak. He is currently under arrest at the Modelo jail, charged of being a front man for the Rodriguez Orejuela brothers in several companies. Murcillo today, testified at the regional prosecutor's office on this case.

Second, the regional prosecutor sent documents to the Supreme Court to get it to investigate Chamber Representative Jaime Romero on charges of being an accomplice in procuring Medina's inquiry.

Third, the prosecutor ordered the arrest of Ileana Vargas, who is Parliamentarian Romero's secretary. She is charged of telephoning a prosecutor's office employee to get him to take the document.

Fourth, the arrest warrant against Federico Valdes, a prosecutor's employee continues to be valid. Valdes has already been arrested on charges related, precisely, to this investigation.

Liberal Parliamentarians Protest Samper Measures

PA2211175895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 21 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Today, 30 Liberal Party parliamentarians rose against President Samper. They are threatening not to back several important initiatives if the president continues treating them as second-class citizens, in comparison to the treatment awarded the conservatives.

A two-point value-added tax [VAT] increase and strong anti-violence measures proposed by the government were left supporter-less this afternoon. The insurrection came up because hard-line liberals, as they call themselves, believe the president prefers to speak with the conservatives rather than with his own party members.

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[Begin Liberal Party Senator Hector Heli Rojas recording] We have seen the president in the sad situation of giving posts to some collaborators in exchange for Pyrrhic political support when he knows that his political party has a majority. [end recording]

These parliamentarians will meet with the president Wednesday. They have announced they will not back down on issues such as VAT.

[Begin Heli Rojas recording] The majority of the group will vote against VAT, considering that it is a regressive tax and goes against Samper's word that in his administration there would be neither new taxes nor increases in the existing ones. [end recording]

Finance, Interior Ministers View ECONOMIST Article

PA2211134395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 21 Nov 95

[FBIS Translated Text] The influential British magazine THE ECONOMIST published in its last edition an article on Colombian politics and economics.

The article states more or less that the country's economy is marching well but also adds that the political situation will force President Ernesto Samper to leave the country in less than a year.

The report was received today in Colombia with much concern. The magazine says that economic and political pressure will force President Samper to leave the country six months or a year from now.

THE ECONOMIST's analysis says the economy is slowing down and in the near future will suffer the effects of the political crisis.

The magazine reports, however, that economic growth will remain around 4 and 5 percent until the year 2000.

The first one to react to the British publication's diagnosis was Colombian Finance Minister Guillermo Perry.

[Begin Perry recording] I have not read the report. I have to read it before I can offer any detailed comments on it. EL ESPECTADOR report suggests that THE ECONOMIST's economic forecast is positive but that its political analysis can harm us. [end recording]

THE ECONOMIST's article predicts that as a result of Colombia's crisis the next Colombian President will be an honorable person. The magazine affirms that in the prevailing righteous climate, Andres Pastrana would be unable to get the minimum grade because of family predicaments such as a cousin who was sentenced to prison on drug-related charges.

Interior Minister Horacio Serpa said the British magazine is misinformed about Colombia's political situation. The minister said in Medellin that the article in which it is considered that President Samper's days in government are ending, could be characterized as another ingredient of the international conspiracy against Colombia.

[Begin Serpa recording] President Samper will govern until 1500 hours on 7 August 1998. This is a solid government whose strength is based on the citizen's support. This is a government that will govern until the final day allowed by the Constitution. This is a government that has been fulfilling important economic and social tasks. [end recording]

President Comments on Economic Situation

PA2211122595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 21 Nov 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] President Ernesto Samper has downplayed the importance of the political comments made by THE ECONOMIST, a London-based magazine, on the internal situation in Colombia. This is what the president said during the swearing-in ceremony for the comptroller general:

[Begin Samper recording] I would like to take this opportunity to briefly talk about the situation through which our economy is going. A few people have been trying unsuccessfully to create the impression that we are initiating or that we could initiate an economic crisis as a result of the political crisis we have experienced the last few weeks. Certain publications that are known to be quite serious in their economic analyses have recently gotten into the field of political speculation, which is shameful. These attitudes, which are, fortunately, quite infrequent, cannot be confirmed by facts. [end recording]

Samper Comments on Investigation of Gomez Assassination

PA2211122695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 21 Nov 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] During a ceremony to decorate six Air Force generals, President Ernesto Samper talked about the investigation of certain military officers who are allegedly involved in the assassination of Alvaro Gomez:

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[Begin Samper recording] I do not want to miss this opportunity without briefly giving my opinion about a series of recent episodes, which in one way or the other have been attempts to link people from the Armed Forces with the unfortunate assassination of Dr. Alvaro Gomez Hurtado. The government has adopted all the necessary measures to get this investigation to promptly yield its results. Colombians can be certain I am not going to hesitate in demanding that all officials from my government cooperate with the justice system if required. [end recording]

Ecuador

President Installs Energy Minister; Explains Plebiscite

PY2211135295 Quito Voz de Los Andes in Spanish 2300 GMT 21 Nov 95

[FBIS Translated Excerpt] President Sixto Duran-Ballen installed today Jorge Pareja as the new minister of energy and mines. Minister Pareja will have the responsibility of calling for a new bidding for the construction of the trans-Ecuadoran oil pipeline. Later we will have Pareja's comments on this and other issues.

Within this context, President Duran-Ballen emphasized the economic achievements of his administration in the last three years. Duran-Ballen also called on the Ecuadoran people to support the plebiscite to be held on 26 November. He said this is the last opportunity to modernize the country.

[Begin Duran-Ballen recording, in progress] ...and things like that. I would like to reiterate to the people, ministers, members of the media that during the last three years, in contrast with the gradual inflationary process of the last decades, we have brought inflation down. During these three years — and this is very important to recall, some members of the media will smile when I mention this again but I must mention it because the country must recall this — the government has not printed money, not once, over the GDP percentage growth. This is the first administration in decades that did not do that. This is the first administration in decades that did not get loans from the Central Bank and within the process of reorganization of public financing, of the economic structure, the bureaucratic apparatus has been reduced, the autonomy of the Central Bank has been respected, and the obligation of this institution has been recognized, not like in the past when the bank had to do work that was outside its duties.

This spirit of change, of reform, is leading us to continue in the next few months, through the National Telecommunications Council, through the solidarity fund, the task of reorganizing the state.

I am certain that all those who are present here and all those who are listening to me share the same desire of reforming the state, and the process of consultation that will be held next Sunday is a result of that desire.

Perhaps this will be the last opportunity I will have, from my public post, to discuss this matter. Here are some additional expressions on the matter: The plebiscite slated for 26 November is not something that will have an immediate impact on and which will somehow benefit my administration. This plebiscite, should the Ecuadoran people vote positively, will allow the following or the next administrations to have a better organized Ecuador, a country which must render better and more services to the people, a duty in which we are all involved.

This is important to remember. We are not trying to say yes or no to the current government. It is a matter of saying yes or no to the country's future. This is a chance for you, fellow citizens, to say yes or no to the rights of your children, grandchildren, and great-grandchildren for a better Ecuador.

Those who believe that they can use this political process to say yes or no to this government are mistaken. Because either yes or no, or whatever the result of this plebiscite is — the result of your response — will not affect my government, but the following governments, and thus, your own future.

For this reason I want to take this opportunity to urge you, all those who are listening to me, to clearly ponder the significance of each of these 11 questions. Not in terms of an immediate desire to punish or award the current government, but in response to your own individual or personal aspiration, as citizens. This is a chance for you to say what you want for the Ecuador of the future, the Ecuador of your children, the Ecuador that will remain beyond the fulfillment of my term in office on 10 August 1996.

I want to take this opportunity, therefore, my fellow citizens, to reaffirm my request to answer those questions according to your own conscience, and not in response to impositions from one or another individual, but obeying only your own desire for a better country.

I want to reaffirm to these two officials who will be installed, my desire for successful work, and that the work of one or the other at the Energy and Mines Ministry and at the Presidency of the Telecommunications Council, to be aware of the need to foresee the future of our children of the next generations. Thank you. [end recording]

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These were the words of Ecuadoran President Sixto Duran-Ballen during the ceremony marking the installation of new Energy and Mines Minister Jorge Pareja Cucalon, who has replaced Galo Abril. During this ceremony Duran-Ballen also installed (Esteban Polit Montes de Oca) as President of the Telecommunications Council.

Plebiscite To 'Test' Duran-Ballen's Popularity

PY2311232495 Madrid EFE in Spanish
1701 GMT 23 Nov 95

[By Susana Madera]

[FBIS Translated Text] Quito, 23 Nov (EFE) — The plebiscite to be held in Ecuador on 26 November to incorporate substantial changes into the Constitution will be a test of the popularity of President Sixto Duran-Ballen in the last year of his administration.

The Duran-Ballen administration has been facing, since August, one of the most difficult times in view of the economic and political crisis, which stems mainly from the alleged acts of corruption committed by ex-Vice President Alberto Dahik, who is a fugitive from justice.

The campaign for the plebiscite comes to an end today. On Sunday the Ecuadoran people must decide on the reforms of the judicial system, the creation of a Constitutional Court, the prohibition on strikes by public workers, and the administrative and financial decentralization, among other issues.

Mario Bustos, spokesman of the Confederation of Indian Nationalities of Ecuador (Conaie), told EFE that the plebiscite will show that "the majority of the people reject the reforms, and it will also be a test of the strength of the opposition" to the Duran-Ballen administration.

Bustos said that the purpose of the plebiscite is to consolidate and to project the neoliberal plan, which supports privatizations as the only choice for the modernization of the country, into the next administration.

Regarding the question in the plebiscite related to the right of the Ecuadoran people to chose their own social security system, Bustos said the idea is "to make a big business out of the private social security system."

Bustos added: "The idea behind the private social security system is to take the resources of the workers to help private companies obtain more profits." Bustos pointed out that an effort is also being made "to aid discrimination, because not all the Ecuadoran people are capable of having access to the private services."

Ex-President Rodrigo Borja (1988-92) said the idea is to divide the population between rich and poor, healthy and ill, and young and old, and this is why people must vote no on the social security issue.

Bustos questioned the idea of regulating the operation of private social security companies constitutionally under the argument that the state social security system will not disappear, and that it will improve through competition, despite the fact that several private social security companies are already operating in the country.

The indigenous sector — which represents more than 50 percent of the population, according to some sources — will vote no on the 11 questions in the plebiscite and it will end today its "no" campaign with peaceful demonstrations throughout the country.

Regarding the question in the plebiscite on the constitutional dissolution of Congress, Bustos said this is aimed at "strengthening the authoritarian proposals of the government and the sectors in power."

Bustos added: "This is a proposal for a constitutional dictatorship. The idea should be to expand the level of participation and not concentrate power in a single person."

"This is a corrupt plebiscite organized by corrupt people," said Bustos in reference to the 26 November plebiscite, which is the second in less than 16 months on the same issues, and which will involve 6.5 million Ecuadoreans.

Susana Gonzalez, deputy of the Social Christian Party (PSC), which is the main opposition party, told EFE today that even though she does not consider the plebiscite to be a test for the Duran-Ballen administration, which ends on 10 August 1996, many sectors directed their propaganda in that direction.

Gonzalez added: "We are in an electoral year with a very discredited and unpopular government, and a campaign is being carried out to realize a "no" against the government, thus distorting the real meaning of the plebiscite.

She agrees with Bustos that "the questions (in the plebiscite) are ambiguous, and not very clear for the majority of the population, who need an explanation and even an interpretation of what the questions mean."

Several political and union organizations said that the "confusing" manner in which the questions were formulated is a "trap" for the people.

Gonzalez believes that the government's intention to obtain constitutional authorization to allow the president to dissolve Congress "is very dangerous" because a president "who finds that the pressure or control being

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exerted by Congress is bothersome would try to dissolve it."

Gonzalez also believes that "despite the defects Congress may have, it is a necessary institution for control and auditing to strengthen democracy."

Court President Views Microfilms on Discretionary Funds

PY2211154695 Quito Voz de Los Andes in Spanish 2300 GMT 21 Nov 95

[FBIS Translated Text] Supreme Court President Carlos Solorzano has succeeded in accessing the microfilms containing documents on the use of discretionary funds of the Vice Presidency. These microfilms have been kept in the Central Bank safe. Solorzano is still at the Central Bank basement analyzing the content of those documents.

Solorzano is conducting these activities without the presence of Chief Prosecutor Fernando Casares, who has uselessly requested permission to attend the revision of the documents.

Today was Solorzano's third attempt to learn about the content of the documents, and it coincides with the presence of President Sixto Duran-Ballen at the Court of Constitutional Guarantees [TGC]. TGC press spokesman Fabian Aguirre has said that the Supreme Court believes that the Ecuadoran Presidency is constraining its capacity to investigate the documents referring to the discretionary funds of the vice president.

The documents on the movement of the discretionary funds is considered of vital importance to establish Dahik's responsibility or innocence, in the criminal action filed against him in August 1995.

Duran-Ballen Pledges No 'Cover-Up' in Dahik Case

PY2311134695 Madrid EFE in Spanish 1923 GMT 22 Nov 95

[FBIS Translated Text] Quito, 22 Nov (EFE) — Ecuadoran President Sixto Duran-Ballen said today that he will not protect "anyone" in the so-called "Dahik case" in which the court is investigating the alleged misuse of discretionary funds allocated to the Vice Presidency.

Referring to the microfilms containing documents on the discretionary funds under investigation by the Supreme Court (CSJ), Duran-Ballen said: "I am not going to protect anyone or cover up anything. I am not familiar with the documents and I do not know what they contain."

Nevertheless, the president insisted that he will keep secret the destiny of the discretionary funds "because this is what is established in the law." He did explain, however, that if CSJ President Carlos Solorzano intends to use some of the documents under investigation "he will have to request the lifting of the secrecy measure."

After two frustrated attempts, on 21 November Solorzano was able to inspect the microfilms containing details on the transactions of the discretionary funds allocated to the Vice President's office. These are under investigation for the alleged misuse of funds by former Vice President Alberto Dahik.

Solorzano said that an unspecified amount of the discretionary funds allocated to the vice president's office are not related to state security matters. This presupposes that a fraud has been committed.

After reviewing the documents for more than four hours behind closed doors, Solorzano said: "I believe that there are some things which are not related with state security matters."

In compliance with a presidential decree that was recently issued by President Duran-Ballen, Solorzano cannot use this information in the penal trial against Dahik, who was Ecuadoran vice president until 11 October when he resigned and escaped to Costa Rica where he has requested political asylum.

The controversial "Dahik case" today compelled former Ecuadoran president Rodrigo Borja to request Duran-Ballen to resign because he "covered up the sewage" of the discretionary funds allocated to the vice president's office.

During an interview with a local television channel Borja said: "I am talking to you, Mr. President: Resign. You have lost the ethical stature to run the country. You must resign." He added that it is "very suspicious" that the president has prevented the disclosure of the destiny of the discretionary funds.

People's Preference for Military Rule Noted

96P20100A

[FBIS Media Note] Two editorials in the center-left Quito HOY urge people to temper the military's unbridled authority in times of crisis, and to give civilian institutions a chance to do their duties.

In a 26 October editorial titled "The Military Builds a Noah's Ark," Javier Ponce states that, while everyone agrees that the country is living in a state of "national insecurity," because of corruption, the energy crisis, and political chaos, what he finds worrisome is that "we are also in a state of war." This, he continues,

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has induced the military leadership to give lessons in justice and ethics, referring to the imminent trial of Deputy Fernando Larrea for treason and disparaging remarks about the military. Ponce does not argue that Larrea's statements are reprehensible, but, he warns, the military's decision to try Larrea before a military court has left the Ecuadoran people with two "terrible" alternatives: "We either opt for a democracy and a justice system in rags or submit to the undisputed will of the military. We either defend the limited civil life we have created, or accept that only military justice can put an end to political corruption and degradation, and live with the consequences. The commentator warns that in Ecuador, as in all Latin America, the military is awaiting its hour. Meanwhile, it is converting its barracks into "Noah's Arks," in which to take refuge from the "deluge," and from which to exercise its own justice.

Jose Sanchez Parga warns, in a 1 November editorial titled "Civilian Praetorianism," that the civilian population's high regard and legitimization of the Armed Forces, as well as the Armed Forces' high credibility among public opinion, can degenerate into "civilian praetorianism," where citizens become more militaristic than the military itself. In these days when political institutions are showing their fragility, it is easy to understand, he continues, why the Armed Forces have become the only institution with unquestionable national prestige." However, Sanchez argues, this does not justify the "excessive" transfering of public, state, and private responsibilities to the Armed Forces. It only serves to undermine the civilian character of a society and raises doubts about its democratic value. Citing two-year old polls revealing that Ecuador—above all other Latin American countries polled—preferred military rule, Sanchez concludes, pessimistically, that perhaps democracy is not the solution to Ecuador's problems.

Paraguay

Russian Ambassador Outlines Proposals, Projects

PY2311142795 Asuncion ABC COLOR in Spanish 22 Nov 95 p 14

[FBIS Translated Text] Yan A. Burlyay, the new Russian ambassador to Argentina and Paraguay, visited this newspaper on 21 November and informed us of his plans to strengthen bilateral relations. In this respect, he explained that in addition to the importation of vehicles and machinery, which has been intense since 1990, his government plans to offer development projects based on our country's abundant electricity. He also revealed that those who wish to observe Russian New Year this year can do so at rock-bottom prices.

The Russian ambassador, who was accompanied by Igor Fleischer, Russian honorary consul in Asuncion, highlighted the great prospects for expanding bilateral trade relations in this new diplomatic period.

"Lada cars are already circulating here and we also have highway construction machinery, tractors, motorcycles, and Kamaz trucks. Although you might think it's incredible, Russia imports instant coffee from Paraguay," he said.

He explained that his country is in a position to carry out technology transfers, especially in the transportation sector with trolleybuses or buses that run on electricity "which are very prestigious in many Latin American cities such as Cordoba, Argentina."

He indicated that in Cordoba the urban network is based on trolleybuses, thanks to Russian technicians. "They laid out the electricity network and built electric power substations and transformers for the electricity network. They also built terminals for the maintenance and repair of trolleybuses."

He also said that a similar project could be implemented in Asuncion by taking advantage of Paraguay's abundant and "relatively cheap" electricity.

There is also a project to electrify the suburban railroad network and another pertaining to the electrification of rural areas, based on the advantage of the abundant electricity.

Burlyay also stated that his country can offer a dredging service for the port of Asuncion, and he admitted that in the port of Bahia Blanca, Argentina, "we have an enterprise that is carrying out dredging services."

Oil and gas prospecting is another project that the Russian Government is offering in order to improve relations with Paraguay. The Russian ambassador said "we have a lot of experience" in that sector.

"It is not logical that Paraguay's neighbors have hydrocarbons and Paraguay does not," the diplomat said, indicating that there must at least be oil in the country.

As a demonstration of the expertise of his technicians, he mentioned the experience of Russian geologists in Cuba. "They discovered oil where no one had ever discovered it."

Regarding tourism, Burlyay recounted a curious fact. He highlighted the fact that a group of Paraguayans has just visited Russia, and he added that at this time there is a special promotion to visit the great European-Asian country called: "New Year's in Russia."

The prices for this promotion "are very modest," according to the ambassador. "Only $1,500 for fares and hotels

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in Moscow and St. Petersburg over an eight-day period. It is a very appealing offer," the ambassador said.

He added that if it is a two-week trip, "then it is even cheaper." The cost is $2,300 and it includes Kiev, the capital of Ukraine. He stated that those who are interested can contact Aeroflot in Buenos Aires.

Paraguay, Russia Eliminate Visa Requirement

PY2211200595 Asuncion ABC COLOR in Spanish 20 Nov 95 p 14

[FBIS Translated Text] The Paraguayan and Russian Governments have decided to eliminate the visa requirement for diplomatic and official service passports, according to an agreement signed in Asuncion between Foreign Minister Luis Maria Ramirez Boettner and Russian Ambassador to Paraguay Yan Burlyay. The ceremony took place at the foreign minister's office.

Once Congress approves the agreement, Paraguayan and Russian citizens will be free to enter or leave either country without a visa, whatever the reason for the trip.

Paraguayan and Russian citizens may stay up to three months in either country. The appropriate authority in each country will be empowered to extend this period for another similar period.

Paraguayan and Russian Government representatives also agreed to maintain permanent consultations to analyze questions of mutual interest linked with the international situation and bilateral relations. The two countries may establish expert and work groups to analyze special questions.

The document, a memorandum of understanding, will become effective once the legal requirements established by the two governments are fulfilled. In our case, Congress must approve the agreement.

Each government will communicate with its embassy in the other country when it must fulfill the agreement. In the case of Paraguay, the Foreign Ministry must inform Marcos Martinez Mendieta, Paraguayan ambassador to the Russian Federation of the agreement.

Demonstrators Close Bridge With Brazil

PY2411030095 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2300 GMT 23 Nov 95

[FBIS Translated Excerpt] The international Bridge of Friendship today was the scene of a show of integration between Paraguayan and Brazilian citizens who reject the restrictions imposed on tourism in Ciudad del Este.

Approximately 20,000 persons closed the border crossing through the Paraguay-Brazil international bridge. The demonstrators included rental car workers, Ciudad del Este street peddlers, and Brazilian traders. Early this morning they totally closed the international Bridge of Friendship for an indefinite period in demand of the lifting of purchasing restrictions in Ciudad del Este.

During the day, those who tried to cross the border through the bridge, from either side, were unable to do so. Commercial activities in Ciudad del Este came to a standstill and many shopkeepers decided to close down and let their workers go home. On the bridge, hundreds of rented vehicles and thousands of people blocked passage.

Brazilian and Paraguayan demonstrators agreed on a single purpose: to protest the Brazilian Government's arbitrary measures. [passage omitted]

At this hour more than 4,000 people continue to keep the bridge closed, and 15 buses that cannot return to Brazil are stranded in Ciudad del Este. President Juan Carlos Wasmosy and Ciudad del Este entrepreneurs are currently meeting at the presidential residence. Tomorrow official representatives of the two governments will meet in Brasilia. [passage omitted]

Peru

Foreign Minister: 'No Obstacles' in Ties With U.S.

PY2311150795 Madrid EFE in Spanish 0159 GMT 22 Nov 95

[FBIS Translated Text] Lima, 21 Nov (EFE) — Peruvian Foreign Minister Francisco Tudela said today in Lima that the U.S. Government does not object to Peru's human rights policy.

Tudela said that the criticism that has spurred in the United States about the human rights situation in Peru comes "from areas outside the U.S. Government."

He added that these criticisms refer to actions perpetrated prior to the administration that President Alberto Fujimori assumed on 28 July 1995.

In comments disseminated by ANDINA NEWS AGENCY, Tudela said that human rights is an issue that is constantly under study at the Peruvian Foreign Ministry as well as in the rest of the world.

Regarding Peruvian-U.S. relations, Tudela said that the U.S. embargo enforced at the beginning of the year did not deal with either human rights issues or the drug enforcement program but with the war with Ecuador that was waged from 26 January to 28 February.

He said the U.S. embargo was lifted at the end of the war over a border dispute and that, therefore, "there are no obstacles in Peruvian-U.S. ties."

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The Peruvian foreign minister, who last week paid an official five-day visit to the United States, described as positive the meetings he held with U.S. Government officials.

He stated that Peru proposed a very vast agenda on bilateral issues and added that "mutual understandings" have been achieved.

Economy Minister Sees Advantages in Brady Plan

PY2411022895 Lima EL COMERCIO in Spanish 9 Nov 95 p A4

[FBIS Translated Excerpt] The incorporation of Peru into the Brady Plan will not only allow the reduction of the foreign debt — more than $10.5 billion in capital and interest — by 45 percent, but it will also put an end to the specter of an embargo on our international reserves by creditor banks.

This comment was made yesterday by Economy and Finance Minister Jorge Camet Dickman, who also pointed out that the signing of the agreement with 250 creditor banks would be done next July.

Camet added: "From that date, the Central Reserve Bank will no longer have coded accounts (for protection against embargos)."

Camet, who noted the importance of the agreement, said that if Peru had not joined the Brady Plan, the court cases with the creditor banks would have increased from more than 30 to 650.

He pointed out that the 45 percent reduction of the debt obtained is higher than the percentage obtained by other countries, which was only 35 percent.

Camet added that because of the agreement, the interest amounting to $6.16 billion has been reduced to $3.715 billion. [passage omitted]

In response to questions by congressmen Ernesto Gamarra (FIM) [Independent Moralization Front], Javier Diez Canseco (IU) [United Left], Gustavo Mohme (UPP) [Union for Peru], Carlos Ferrero Costa (C90-NM) [Change 90-New Majority], Manuel Lajo (GP) [People's War], and other congressmen, Minister Camet said the ammount appropriated to pay the debt is 3.186 billion soles.

He said that of this amount, more than 2.73 billion soles will be used to pay the foreign debt, while more than 403 million soles will be used to pay the internal debt.

Regarding the financial reserves, Camet said this amounts to 1.345 billion soles, of which 1.148 billion soles will be used to cover the salary increases in the public administration.

Foreign Minister: Ties With Spain at 'Excellent Level'

PY2311181795 Lima EXPRESO in Spanish 11 Nov 95 p A8

[FBIS Translated Excerpt] Lima, 10 Nov — Foreign Minister Francisco Tudela said yesterday that Peruvian-Spanish ties are at "an excellent level" in view of the fact that the political situation that affected them in 1992 have been overcome.

In a statement to the foreign media, Tudela said that the "excellent ties" between Spain and Peru are reflected in the fact that Spain is the main foreign investor in the country.

Tudela said: "It is true that after 5 April [1992, one day after the installation of Fujimori's National Emergency Reconstruction Government] there was strong criticism throughout Europe and an obvious cooling of ties with Spain, but this situation has been overcome after the recent general elections held in April."

He added: "The current administration does not have to carry this heavy burden any more because the elections have erased their opposition."

As for Spanish investment, Tudela said that these are the results of important "business transactions, but we hope to receive a constant inflow of investments."

He stated: "We hope that investments, which make Spain one of the most important foreign investors in Peru, will become more permanent and continuous."

Regarding overall ties with Europe, Tudela said that the Peruvian Government is determined to strengthen economic and political ties with Europe. He also said that in addition to Spain, the UK and the Netherlands are also important foreign investors in Peru.

Tudela also said that another objective is to make European countries continue with their cooperation program promoted through the enforcement of preferential tariffs for Andean countries by permanently enforcing these preferential rates for those products produced in coca-producing regions with the purpose of promoting development in the region.

He stated that the contribution made to the Peruvian economy through these means is greater than what is received through bilateral antidrug agreements." [passage omitted]

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Finance Minister Speaks at Business Seminar in Madrid

PY2211200395 Lima EXPRESO in Spanish 15 Nov 95 p A26

[Report by Maria del Rosario Pajuelo in Madrid]

[FBIS Translated Text] Addressing some 300 Spanish businessmen packed into the Bilbao-Vizcaya Bank [BBV] premises in Madrid, Peruvian Economy and Finance Minister Jorge Camet said: "Peru has the most open economy in Latin America, even more open than the Chilean economy, which is often cited as the epitome of laissez-faire."

A lack of restrictions on foreign capital movements characterize Peru's current economic policy as well as the deep and expeditious reforms effected in that Andean country. The finance minister said that foreign investments have shown astounding growth in Peru over the last few years, multiplying by 45 times to top $5 billion.

Now that Telefonica and the BBV have set up shop in Peru, Spain has become the number one foreign investor in Peru, with 45 percent control of the investment stock [preceding word in English].

At the beginning of his speech to participants of the first Spanish-Peruvian business seminar, Camet made an overview of the situation confronting Peru in 1990.

The finance minister said: "There was no sense of authority at all," adding that the lack of confidence in the future, terrorism, and the deterioration of leading economic indicators augured an unpromising future for Peru. Given that state of affairs, "Peru voted for a dark horse (Fujimori) because it had the good sense to tell politicians that enough was enough."

Camet explained that just as surgery — which is not a gradual solution — is needed to remove a cancer, something similar had to be done with the Peruvian economy. He said: "The president fired those economists who advised him to follow a gradual approach. Honesty is what earned him the respect of the public."

Having dwelled on statistics that show the economic take off over the last five years, the finance minister confided to his audience that the recipe for success is "not to live beyond one's means."

Commenting on the tremendous growth in the economy, Camet argued that "it is bad for Peru to be the world champion" in GDP growth.

The finance minister justified the government decision to damp down the economy in the second half of the year on the grounds that it was unsustainable to continue growing at an annual rate of 13 percent like last year. He said this is why "we cut spending and slowed growth to 6 percent."

An interesting part of his address was when he mentioned that, in 1990, tariff protection in Peru was as high as 80 percent. He added: "Most tariff items are now around 15 percent and our objective is to get to a flat [preceding word in English] tariff of 10 percent." He said this will be achieved "some time," but did not specify when.

Camet added: "A pleasant piece of news is that exports have grown by 30 percent over the last year."

While not denying that a scheme is needed to boost exports, the finance minister argued that "we must adopt some measures to ease the burden of contributions by companies."

President Reasserts Support for Interior Minister

PY2211224395 Lima America Television Network in Spanish 0100 GMT 22 Nov 95

[FBIS Translated Excerpt] President Alberto Fujimori today reasserted his full support for Interior Minister Juan Briones in view of charges made during the "Sunday Magazine" television program on the misuse of properties confiscated from drug traffickers.

Fujimori said that Interior Minister Juan Briones will remain in his post so that he may continue to lead the counternarcotics and antiterrorism campaigns. Fujimori added that if these charges prove to be true, those responsible will be severely punished.

[Begin recording] [Unidentified reporter] President Fujimori has said that if reports charging that top-ranking police force officials are misusing properties seized from drug traffickers prove to be true, they will be severely punished. Fujimori, however, expressed his full support for Interior Minister Briones.

[Fujimori] I believe this is not a good thing. It is quite bad. We are conducting an investigation in compliance with the administration's plan to improve the effectiveness of government institutions on the basis of high ethical standards.

However, I do believe that within the framework of the Ofecod [Executive Agency for Drug Control] law, Congress must determine and debate the final destination of properties seized from drug traffickers, such as the apartments seized from the....

[Reporter, interrupting] The Lopez Paredes....

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[Fujimori, interrupting] The Lopez Paredes drug ring. In principle, I believe that those properties that cannot be used by the administration should be placed on auction.

This of course demands the implementation of certain procedures, which should be encompassed within the framework of the Ofecod law.

[Second unidentified reporter's question indistinct]

[Fujimori] Yes, if it is true, I disapprove of placing these apartments at the disposal of high-ranking police officers.

[Reporter] Mr. President, have you already discussed this issue with the interior minister? Has he given you any explanations on this issue?

[Fujimori] Yes, we have already discussed it, but we need more information. At any rate, I hereby reassert my support for Gen. Juan Briones Davila in his capacity as interior minister....

[Reporter, interrupting] Mr. President....

[Fujimori, interrupting] We cannot afford to lose an interior minister who has been very successful in the fight against terrorism and drug trafficking because of some charges that, if proven to be true, should undoubtedly be condemned.

[Reporter] Although he may not be directly involved, Briones is politically responsible for this situation in his capacity as interior minister. Many may argue that Briones should be punished because of his political responsibility as head of the Interior Ministry....

[Fujimori, interrupting] The political decision is to continue implementing this effective struggle against drug trafficking. We cannot overlook the fact that it has been under Gen. Briones' administration that Peru has accomplished the most important drug related captures and the arrests of terrorist leaders. Therefore....

[Reporter, interrupting] This is so important that it will be the main issue on the agenda in tonight's cabinet meeting. The cabinet will also discuss the antiterrorist strategy. The administration intends to implement a more integral antiterrorist policy, with particular emphasis on development. [passage omitted]

Venezuela

President Denies Rumors on Cabinet Changes

PA2311202795 Caracas Venezolana de Television Network in Spanish 1545 GMT 23 Nov 95

[Report by Pedro Prado]

[FBIS Translated Text] Early today, President Rafael Caldera denied rumors and speculations about possible cabinet changes and the resignation of several ministers. Here is what he said:

[Begin Caldera recording] I am not going to comment on rumors. The only thing I can say is that the industry of rumors is one of the most prosperous in Venezuela [end recording]

We will have more details on this and other news during our evening newscast.

Magistrates Suspend Swearing In of Judges

PA2311165195 Caracas Venezolana de Television Network in Spanish 0200 GMT 22 Nov 95

[Report by Jose Vicente Antonetti]

[FBIS Translated Excerpt] The magistrates of the Supreme Court of Justice suspended the swearing in of nine judges promoted to higher courts by decision of the Judiciary Council.

Those in attendance were shocked when a ceremony, which was summoned on 21 November by Supreme Court President Rafael Alfonso Guzman and Judiciary Council President Jesus Caballero Ortiz to swear in judges, was canceled. No official offered any explanation.

[Begin Caballero recording] I want you to ask Supreme Court magistrates the reason for this suspension. [end recording]

A source who asked to remain anonymous, however, pointed out that Supreme Court magistrates suspended the ceremony because it was summoned without their knowledge at a time when the Political- Administrative Chamber is studying petitions for the annulment of the judges' appointment. The magistrates believe that it is inappropriate to swear in the judges before a report on the legitimacy of their appointments is presented, because the Judiciary Council failed to apply a standard criterion to the selection process. [passage omitted]

Oil Workers Stage 12-Hour Strike

PA2311211095 Caracas Venezolana de Television Network in Spanish 1545 GMT 23 Nov 95

[FBIS Translated Text] Since no agreement was reached between the union leaders and representatives from the oil industry, a 12-hour strike was called in all oil installations. The strike will continue until 1800 today. Workers are demanding an increase of 3,000 bolivares per day over their current salaries and the reduction from two to three years [as heard] of their collective contracts.

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Klaus Craff, acting president of Venezuelan Petroleum, Inc., announced in Miraflores that the industry has prepared a contingency plan to guarantee normal operations despite the paralyzation of activities by 80,000 oil workers.

[Begin Craff recording] The contingency plan relies on our people, engineers, professionals and workers who did not participate in strikes in the past, and we hope they will not participate in this strike. Our people realize that the industry will always be on their side. I think we will reach a happy ending once again. [end recording]

Meanwhile, Federico Ramirez Leon, president of the Confederation of Venezuelan Workers reiterated his support for the strike. He said that in view of the attitude of the industry leaders there is no choice other than exerting strong pressure for a fair two-year contract.

Fedepetrol [Federation of Oil Workers] President Carlos Ortega confirmed a few moments ago to our reporter Zaida Pereira that 90 percent of the oil workers participated in the strike. She added that talks with PDVSA representatives will continue this afternoon in an attempt to reach an agreement.

Oil workers are currently meeting at Fedepetrol's headquarters, taking note of the number of workers who did not work today. According to Ortega, the strike was 92 percent effective.

[Begin Ortega recording] The strike was supported by more than 90 percent of the oil workers throughout the country. For us, this means first of all that we have the recognition of the country's oil workers, who are directly experiencing difficulties, particularly with regard to their salaries. We must also praise them for the conduct and behavior they have maintained so far.

As you know, the strike will end this afternoon at 1800. This afternoon we will meet again with members of the negotiating commission and representatives of the industry. [end recording]

In any event, the country's oil production has not been affected, as it would only be reduced if the strike continued for 24 hours.

Border Commission Announces New Agenda

PA2211210995 Caracas EL UNIVERSAL in Spanish 19 Nov 95 pp 1-12

[Report by Clodovaldo Hernandez]

[FBIS Translated Text] The Venezuelan-Colombian Border Affairs Commissions ended their talks in Puerto La Cruz yesterday. They issued a document in which they announced a new agenda, which includes, among other things, a binational railroad connection and opening space for the participation of the news media from both countries in the integration process.

In that manner, the Presidential Commission on Border Affairs (Venezuela) and the Presidential Commission on Border Integration [Comision Presidencial de Integracion Fronteriza] (Colombia) ended their 23d meeting, which began on 16 November.

The new agenda, which resulted from a complete revision of pending topics, was divided into six sections:

1. Environment and renewable natural resources
2. Infrastructure and territorial organization
3. Education and culture
4. Social development
5. Border security
6. News media

The document, signed by Enrique Vargas Ramirez and Valmore Acevedo Amaya, presidents of the Colombian and Venezuelan commissions respectively, noted that the sessions were held by working groups in charge of four specific areas:

— Binational technical committee for total utilization and conservation of hydraulic resources in the Carraipia-Paraguachon Basin;

— Working group for the detection and recovery of land, air, and sea motor vehicles;

— Working group for railroad interconnection;

— News media subcommission.

The Basin

The first team mentioned, which is in charge of solving problems in the Carraipia-Paraguachon Basin, obtained support from the commissions to conduct efforts before national institutions having control over the subject, human and budget resources that would allow it to expedite projects identified by the binational technical committee. Should the members of the committees of both countries deem it convenient to request international cooperation and financial assistance, the committee is willing to present a project for that purpose.

The problems in the Carraipia-Paraguachon Basin particularly affect the residents of La Guajira, Venezuela, who are facing water supply problems due to their dependence on sources originating in Colombia.

Feasibility Studies

On the subject of a railroad connection that would begin in the Department of Norte de Santander, Colombia, and

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would end in Maracaibo Lake, it was agreed that the two specialized technical institutions Ferrocar (Venezuela) and Ferrovia (Colombia) will establish the necessary guidelines to carry out feasibility studies for the project.

The idea, which was conceived as a unique way to promote bilateral relations affected by numerous problems and incidents, will be given priority in the border commissions' agenda from now on.

New Opportunities

On the subject of the news media, the first steps were taken to permit the participation of editors and journalists in the integration process of both countries.

In that sense, it is expected that media representatives and journalistic associations will be invited to the commission's next meeting to begin talks on the subject.

With regard to stolen vehicles, the Colombian delegation reiterated that everything is set for the return of vehicles that were being used by government agencies, which were already immobilized following orders from President Samper.

The Colombian representa es asked their Venezuelan counterparts to present all the necessary documents to accredit the legitimate property of stolen vehicles.

In relation to recent incidents in the Perija mountain range, the members of the commission endorsed the decision reached by Rodrigo Pardo and Miguel Angel Burelli Rivas, Colombian and Venezuelan foreign ministers respectively, in the sense that a binational commission will take care of the problem. In addition to the foreign ministers, the justice ministers of both countries will participate in that commission.

Congress Approves Financial Emergency Law

PA2311161795 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Nov 95

[Report by Fernando Porto]

[FBIS Translated Text] With Congress' approval of the Financial Emergency Law today, the executive branch now has a new legal instrument to face situations such as the one resulting from the financial crisis.

Many savings acccounts holders are pleased with the approval of the Financial Emergency Law. Only one article was modified, authorizing the Financial Emergency Board to return funds deposited in several banks: Principal, Italo Profesional, and Progreso.

[Begin unidentified congressman recording] The purpose of this law is to guarantee the immediate return of funds to account holders of some banks that had not been able to recover their savings and deposits due to legal problems. [end recording]

The approval of the Financial Emergency Law today and the possible approval of the Comptroller General's Law tomorrow show the expeditious handling given to both bills. The executive branch had requested these two legal instruments, which are now in its hands.

Price of Brady Dollar Continues Downward

PA2411011495 Caracas EL UNIVERSAL in Spanish 22 Nov 95 p 2

[FBIS Translated Text] The value of the traveling foreign currency, determined by the price of Brady bonds, has dropped again. Yesterday it dropped by five bolivares, to 330 bolivares to the dollar.

Together, the Caracas Stock Market and the Electronic Corporation negotiated $65,180,000 in Brady bonds. The papers that dominated the transactions are those of the Par A type, whose price stood at 99.25 percent. Its price in bolivares during the morning was between 330 and 335.

According to brokers, in addition to changes of ministers, the supply of Brady dollars contracted because salesmen waited for a better opportunity for their transactions because they are afraid of the consequences of Finance Minister Luis Matos Azocar's warnings saying the high price of the debt papers is due to speculation and distortion.

The charge of speculation is regarded as "unfair" by Gonzalo Muci, director of the Caracas Stock Market and official spokesman in the absence of the president, Alejandro Salcedo, who is on vacation. "The high price of the Brady bonds is not due to speculation but to the shortage of dollars supplied by the official sector. All the country requires them to operate," Muci commented, alluding to Matos' assertions. Muci continued: "The Brady bonds market had been operating in an orderly manner since June but now it has been flooded by the new demand."

The rate of exchange of these bonds was 230 bolivares before the Brady bonds became much sought by importers and debtors because foreign currency was not found at the Exchange Board and the Technical Office for Exchange Administration. When the government announced a contraction of the supply of dollars, their rate rose to 300 bolivares and, when they were designated by the government marker of the exchange parity for travelers, their price increased to 335 bolivares.

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